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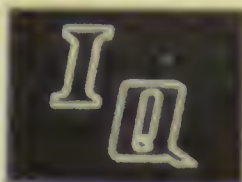
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**Front cover:**

**Kalis.** Aceh weapon, short knife, blade length from four to nine inches (Don F. Graeger, Weapons & Fighting Arts of Indonesian Archipelago, fig. 106, p. 151).



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# FROM THE EDITOR

*It has to be admitted that modern university education originates from Western World with its dual role, namely as a place to develop scientific knowledge and as an institution for higher learning. On the other hand Southeast Asian culture is basically unique unlike Western culture. Ancient Southeast Asian culture was agricultural in nature and the possession of land was related to welfare. Nowadays, however, the people's welfare should be based on science and technology and the place where this kind of education takes place is called the university. Since modern university originates from Western culture, it has to be improved and adjusted to meet the demands of today's Southeast Asians. The improvement is not merely in the training of scientists and engineers. Southeast Asians need well-rounded men as leaders of the forthcoming generation, skilled in science, law, medicine; skilled in organization and the complex relations between men in a modern society, with an understanding of history and an appreciation of other societies. University education in Southeast Asia is responsible for the establishment of a broad base of scientific civilization for the citizen in general, for laying down basic principles and wise perspectives rather than for supplying ready-made educated workers for every function or type of jobs prevailing in society. This problem is brought forward by the Minister of Education and Culture, Daed Joesoef.*

*Since the introduction of Asian Studies in Australia in the period before World War II, there has been a number of attempts to assess the situation in order to provide guidelines for the future. The paper "Asian Studies in Australian Schools" will try to assess the development of Asian Studies in Australia. One of the general questions to be answered is "What are the objectives of Asian Studies in Australia?". The emphasis is placed on the study of Bahasa Indonesia since this is the third foreign language in Australian Schools and the only Asian language with a nationwide support. Thus, another more specific question is: "Why teach Bahasa Indonesia to an Australian child?"*

*Past strategies for development in Indonesia have emphasized economic growth without consideration for the manner in which the benefit of growth are to be distributed. Unfortunately these strategies have led to benefiting only a small group of upper level of the Indonesian people. Therefore, the Third Five-Year Development Plan, is continually based upon the development Trilogy with more emphasis on a more equitable distribution of development and its fruits. The paper "A Study on Government Policies on Urban Poor in Indonesia" attempts to describe the serious efforts to alleviate poverty, which has been done consciously in recent years.*

*The judicial system in Indonesia plays a pivotal role in development. This paper suggests that efforts should be made to improve and modernize Indonesia's Judi-*

*capture. If Indonesia is to be a state based on the rule of law as stipulated in the Constitution, immediate steps must be taken to make the administrative judicature all-embracing and well-run. Therefore, the formation of administrative courts of justice must have top priority. The people must be able to feel that the government and the organs of states have to comply with the law.*

*Still in the context of Development, nuclear energy seems to be needed in Indonesia due to the prevailing energy crises nowadays. The paper "The Need for Nuclear Energy in Indonesia", assesses the feasibility and prospect of using nuclear energy in the foreseeable future.*

*Finally the paper "Toward Pacific Basin Community in the 1980s" gives its assessment on the mobility of the geopolitical forces among the countries in the rim of the Pacific Ocean in the 1970s, which gives the Pacific Basin region a new meaning for those countries as well as a new role to play in global economic and political constellations. Thus, intensity of interactions should be increased among the countries of the Pacific region for mutual benefits, protective devices to safeguard the weaker parties from hegemonic potentials of the powerful parties should be first studied and established so as not to bring about greater dependency of the weaker parties.*

# HIGHER EDUCATION IN SOUTHEAST ASIA\*

Daoed JOESOEUF

We must admit that higher education, being systematically implemented in Southeast Asia, originates from the Western world. In the Western world, the development of higher learning was closely related to the development of the locality where it took place, denoted generally as University.

The university appears to have started as a scholastic guild, a spontaneous combination of teachers or scholars, or of both combined, and formed, probably, analogous to the trade guilds and the guilds of aliens in foreign cities, which in the course of the 13th and 14th centuries sprang up in most of the great European centers. In medieval times, the customary designation of communities devoted to learning and education as well as places of instruction was *studium* and subsequently became *studium generale*.

Derived from the medieval Latin term *universitas*, the word university was at first not used absolutely. The denotation was always *universitas magistrorum* or *scholarium* or *magistrorum et scholarium*. By the end of the medieval period, however, the distinction between the terms *studium generale* and *universitas* became vague, and subsequently only the term *universitas* was used.

Up to the present time, the dual role of the university, namely as a place to develop scientific knowledge and as an institution for higher learning, is still obvious.

In implementing its role as a place to develop science, this Western institution of higher learning has developed a system of thought that undoubtedly constitutes an important step in the evolution of mankind. It is the dialectic logic elaborated by Aristotle (384–322B.C.) and perfected later on by the “Schoolmen”, with Thomas Aquinas as their “patron” (1225–1274).

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\* Speech delivered at the opening ceremony of the ASAIHL (Association of Southeast Asian Institutions of Higher Learning) Seminar on Western Ideas and Higher Education in Southeast Asia, held in Jakarta, June 26, 1980.



Nevertheless, every system, however solid, has its own weaknesses. Thousand years of strongly directed logical thinking has distracted the attention from the fact that this thinking takes place in the world of abstractions. Through the logical thinking process men had tried to master the unalterable and the eternal nature of things. They are then formulated in well-defined notions that sometimes constitute the cornerstone of magnificent works.

When mathematical logic thinking, under the influence of Descartes (1596–1650), has been specifically directed toward matter, the existence of the alterable nature of things could no more be neglected. After space, time also became the subject of the mathematical logic approach.

This development culminated in the relativity theory of Einstein (1879–1955) which revolutionized the natural sciences. A similar change took place in the philosophico-theological thinking which cannot be attributed clearly, however, to some personalities. One observes rather an increasing movement that probably originated from Kant (1724–1804) and Kierkegaard (1813–1855) while the period around the Second World War gave birth to phenomenologico-existential thinking. This thinking concentrates on the unreachable nature of the defined abstraction for human conduct.

Scientific knowledge that was born and developed in such an intellectual environment was already deeply imbued with the idea of rationality. This idea, however, was based essentially on the philosophical foundations which the West inherited from Greek culture. The notion of reason which developed in the context of Greek thought was dominated by the idea of speculative knowledge, subject to the criterion of truth; and truth itself was taken to be the correspondence of represented facts, as expressed in speech and reality. Speculative knowledge may be identified with vision; it involves, of course, a system of interconnections which may be extremely complex but, through the conceptual structure in which it finds expression, it provides a picture of the world.

It now seems that an increasing number of thinkers agree, though they come from widely divergent traditions of philosophy, that this equation of abstract logical thinking with knowing, truth, and rationality itself is based on a series of fallacies built into the epistemological foundations of Western philosophy and science. The marriage of abstract thought and quantitative methods creates a remarkably restricted mentality. When applied to certain narrow problems of logistics or conditioning pigeons in the laboratory, it can be excellent. But it fails utterly when sociopolitical reality is to be understood. The mathematician Marston Morse once said, "... the creative scientist lives in the wildness of logic where reason is the handmaiden and not the master ... It is only as an artist that man knows reality".



Morse's viewpoint, shared by many creative scientists, often after long introspection, about how their discoveries were actually made, is that the logical, orderly and abstract processes of explicit reasoning are merely the surface manifestations of rationality. They presuppose other, less well-organized forms of experience that arise out of an immediacy of involvement, a total engagement of mind and senses with the subject being studied. This type of involvement is the opposite of detachment and sequential logic. Without it, technical reason is doomed to perform its sterile operations in a vacuum. Reason is trivial when cut off from its grounds in direct experience.

In carrying out its role as institution of learning, universities are more and more carried toward the preparation of profession for which scientific training is required. Once considered an essential enterprise for the improvement of human understanding and knowledge, higher education has become the handmaiden of successful career planning, spurning both creative teaching and the rigorous pursuit of knowledge.

Being further pushed by analytical thinking that is rigorously applied to specific problems, university study becomes more and more specialized. People believe that specialization in education, and in society as a whole, is a good thing, and the primary responsibility of universities is to prepare students for the world that awaits them upon graduation. The demands of that world are such — so this argument goes — that there is neither time nor necessity to engage in the study of the past, nor any value in considering the abstractions of literature, art, philosophy, and natural science. Our world requires the highly focused skills of specialists, this argument contends, who can bring specific knowledge to answer specific questions. Thus, it is beneficial to manipulate the educational system to such ends and to reinforce these goals with appropriate economic rewards.

The ubiquitous spread of a "value-free" science, of a "value-free" technology that in reality is "value-laden", has seriously led to separation of means from ends, form from content — so rampant in today's physical, natural and social sciences and even in many of the humanities. University graduates tend to think moral responsibility can be shifted to other individuals and disciplines, rather than confronted by themselves. In the specialized, fragmented society of the present, the belief that we have economists to solve economic problems, politicians to solve political problems and religious leaders to deal with ethical problems is increasingly gaining ground.

In psychological theory, the act of shifting the burden of responsibility from oneself to others is known as projection. Obviously, projection induces idolatry. In the compartmentalized, technological society, hero

worship is made easy. Through indoctrination into the "value-free" science and technology and education for a specialized profession rather than for life, idolatry is not only condoned, but it is even handsomely rewarded. This paves the way for the emergence of such heroic stereotyped figures as technocrats, professionals and politicians. But the real problem remains. To the masses, it is consciously felt that the new heroes are vaulted into prominence for their great mastery of technology and methodology. However, sub-consciously, they are being revered and lucratively rewarded in order to carry the enormous moral burden of society. As soon as they exhibit forms of behaviours that in the minds of the masses are more directed to feathering the family nest rather than shouldering the ethical burden of responsibility, chinks begin to appear in the armour of society. The rest is history.

Research activities are flourishing gradually in Western universities, thereby creating a third function to those two already in existence since its establishment in medieval times. It is not at all surprising that the function of research came rather late because of the fact that the idea of the future progress of science is a recent one. This kind of idea was unknown both in ancient times and in medieval ages. Both Greek and Europeans of the medieval period were aware of the progress of science in the past, they were also aware of the limitedness of their scientific knowledge, but the idea was alien to them that what they did not know could be known in the future. The idea of a progressive science was absent. This was closely related to the fact that the first successful sciences were typical rational sciences, namely mathematics, logics and philosophy. In this way, both scientific theories and practice considered science as a logical unity of opinions, derived from some primary inner principles. Once these principles were correctly laid down, the respective science was "in principle" established.

This was equally true with regard to technology. It had experienced important progress in the past, but people in ancient times and medieval ages did not believe that this progress could always continue in the future. For technology had also a limit due to the fact that it was based on the unchanged natural sciences and on their knowledge. Once men gain knowledge and take benefit of it, technical progress will stop automatically.

Southeast Asia may be described as a region of conventional existence rather than one of actual coherence. Indeed, it has a much greater holistic immediacy to scholars than to the vast majority of approximately 200 million people who inhabit its constituent countries. As a geographic expression it comprises those states situated to the east of the Indian subcontinent and to the south of the Chinese mainland. The term Southeast



Asia is in itself only of fairly recent origin. It arose out of Allied plans during the Second World War to dispossess Japan of her military gains.

This collection of countries is vast in extent but characterized by common bio-geographical and climatic features. The diverse countries share much in terms of past and present experience. With the exception of Thailand, for example, they have all been subject to colonialism, which, although varying in form and substance, has had a significant impact on traditional institutions. While a heady experience of nationalism and a convulsive process of independence have distinguished only some South-east Asian countries, all of them have been affected, to different degrees, by social and economic changes which have come about in the wake of decolonization.

While extended colonization has coloured the direction of cultural development within the region, it is clear from the remnants that can be traced that the Southeast Asian region basically possesses a unique culture. Whatever the name one gives to this ancient basic culture, it is obviously distinct from its Indian, Islamic, and Chinese counterparts, which in the course of history have enriched the cultural heritage of this region.

The ancient basic regional culture was certainly agricultural in nature, although its spread in the past was done mainly by the coastal peoples. Agricultural civilization based its hierarchy on the possession of land, and this has easily led to the popular perception that welfare, individually or collectively, is a function of that limited horizontal factor, namely the size of land. It is this very perception of welfare that was often responsible for physical armed conflicts between communities in ancient times. Certainly, such a perception of welfare is now outmoded.

Nowadays, in independent Southeast Asian countries, people's welfare should be based, as has been proven in developed countries, on those unlimited vertical factors, namely science and technology. When we think of science and technology, however, we cannot help but talking about higher education or the place where this kind of education takes place par excellence, namely the university.

We must admit that modern university education originates from Western culture. However, now that we already realize its shortcomings, both in terms of the stereotyped figure it produces and in terms of functions it fulfills as well as in terms of scientific knowledge it develops, we are challenged to make improvements:

In so far as the kind of men that our higher education should produce, the improvement involves much more than merely the training of scientists and engineers. It involves more than leadership in Southeast



Asian countries in every field of fundamental science, important though that is. Southeast Asians need well-rounded men as leaders of the next generation, skilled in science, law, medicine; skilled in organization and the complex relations between men in a modern society, with an understanding of history and an appreciation of other societies.

Exposure to a range of perspectives on human behaviour is essential to education. All that we know about ourselves and our world must be codified in a body of learning that illuminates our own struggles and those of our ancestors, so that each succeeding generation profits in some measure from the experience and vision of the past. This body of learning must enable each individual to make that fine adjustment which forms the secret of civilization.

True, we need specialists as well, and many of these, if they are to extend the boundaries of knowledge, must devote themselves so assiduously to their specialities that they will have little time for great breadth of understanding. But even they must live in an intellectual atmosphere which is both broad and deep, where true accomplishment of seasoned minds is everywhere respected, and where youth will be encouraged to seek to emulate the full man. In the creation of this atmosphere we can all have a part to play – and we all must.

This portrait of full man as the ideal outcome of our university education also fits the more realistic view of the progress of science. Unlike some historians who pictured the progress of science as a proliferation of ever deeper and narrower specialities, this view does not see it simply as a proliferation of new data and narrower specialities, but as the development of more powerful generalizations, laws of nature, which stretch our ability to explain, relate, and predict the diverse phenomena which mark the frontiers of science. Newton, for example, saw the connection between the fall of an apple and the motion of the moon. In that sense, science is getting easier, not harder, to understand.

For this reason and purpose, aside from concentrating the discussion on programs of studies of different scientific disciplines, one have also to draw one's attention to the study of different psychological or personality types. For education – both elementary and secondary as well as higher ones – is aimed at bringing up men who can cultivate society for the future. In other words, the purpose of education is to form a future creator and the process of its formation surely needs stereotyping.

Personality stereotyping, like stereotyping in general, can be used in various ways to achieve different results. For Carl Jung and William James, for example, personality stereotyping was used in an attempt to understand the reasons for individual and collective behaviour. For

theorists like Sigmund Freud, Sören Kierkegaard, Norman Brown and others, personality stereotyping has been used primarily to explore the conditions under which we might eventually achieve some measure of liberation, divinity or immortality. For our purposes, personality stereotyping is best used in a very practical manner, namely to explore the conditions of becoming well-rounded men, future creator, and to trace the ramification of these conditions for changes in systems of study, curriculum, research, technologies, technocracies and regional as well as international relations.

The discussion then revolves around attempts to develop a detailed classification or matrix of diverse personality characteristics (such as thinking, feeling, rationality, irrationality, intuition, idealism, etc). The result should be a complex typology of personality stereotypes which depended on different combinations and permutations of the diverse personality characteristics.

There are three appropriate functions of the universities:

- firstly, education in the context of the transmission of scientific knowledge;
- secondly, research in the context of the development of scientific knowledge; and
- thirdly, social services, namely to apply scientific knowledge.

University education is responsible for the establishment of a broad base of scientific civilization for the citizen in general, for laying down basic principles and wise perspectives rather than for supplying ready made educated workers for every function or type of jobs prevailing in society. The latter mentioned function is the responsibility of vocational schools.

Although mastering science and technology comprises some of the most powerful tools for deeper insight and for solving problems, higher education must not neglect other avenues toward reality. The intrinsic value of science would be enhanced if both student and lecturers were more aware of other ways of dealing with human experience, such as art, poetry, literature and other forms of expression. Recognition of the validity of other modes of thinking is needed to comprehend the full significance of our existence.

The health of the Southeast Asian university depends on its ability to strike a sound internal balance between the transmission of values, basic research and pure scholarship.

As far as science is concerned, it must be clear from the outset about two things. Firstly, university education must treat scientific knowledge in



its complete meaning, namely science as a product, as a process and as a community.

Science in terms of product, is the public knowledge of what we have gained so far, and about which the scientific community has agreed. Scientific knowledge is therefore limited to statements on which agreement can be reached and is always open to verification or disproof by anyone.

Science in terms of process, is a social activity in which we seek to discover and understand the natural world, not as we would prefer or imagine it to be, but as it really is. The characteristic method of science is the rational, objective, and as far as possible impersonal, analysis of problems based mainly on observational data and experiment.

Science viewed as a community, is a living environment governed by four imperatives, namely universalism, communalism, disinterestedness and organized scepticism. Universalism implies that science is independent of race, colour or creed. Communalism implies that scientific knowledge is public knowledge. Disinterestedness is the opposite of propaganda. Organized scepticism means that the quest for knowledge is pursued by an orderly thinking.

Secondly, there is no such thing as "value-free" science. The confusion that has arisen on this, as Steven Muller put it, is stupid and damaging. What does exist is that scientific method is emotion-free. This implies that science, when and if perfectly applied, will proceed rigorously regardless of values in which there may be deep emotional reactions of pro or con. But that does not make it value-free. For science is nothing more than the application of human reason in the most possible logical manner. Therefore, reason is a value upon which science is based. It is reason that enables "men's ability to know" to become intellectual in nature, which distinguishes it from the ability of animals to know, which is instinctive in nature. And because it is human reason that is involved science is also founded inextricably upon human life as a value, and upon the rational conduct of that life. The inner core of values of the modern university is therefore founded upon reason and its rigorous application.

Finally, man who will formulate the deep thought of the next generation should lean on science, for it can teach much and it can inspire. But he should not lean on science where it does not apply.

He who follows science blindly, and who follows it alone, comes to a barrier beyond which he cannot see. He will follow science where it leads, but will not attempt to follow where it cannot lead. And, with a pause, he will admit a faith. For science alone is never enough.



Man continues to dream and science can guide the dreams of men. To do so scientists, scholars, university professors and researchers, need to present their vision clearly and in the concepts of the universe and of life that science offers humbly.

This task is not easy, for the universe and life that science presents as probable is continuously altering, and grasping it depends upon many and various disciplines that requires deep study for many years and should be done in a simultaneous way. A single discipline can hardly do its job well. Nevertheless, the opportunity is there to present wide sweeping thought that will sway the minds of men.

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# ASIAN STUDIES IN AUSTRALIAN SCHOOLS: REVIEW OF THE PRESENT SITUATION AND A LOOK BEYOND

Lambert KELABORA

Since the introduction of Asian studies in this country in the period before the Second World War, there has been a number of attempts to assess the situation in order to provide guidelines for the future. The most comprehensive evaluation was undertaken by the Commonwealth Advisory Committee on Teaching of Asian Languages and Cultures in Australia in 1969. In its Report the Committee provided for the first time an overview about the extent to which Asian studies have penetrated the education system in Australia. The primary and secondary schools, tertiary educational institutions, formal and non-formal instructions in Asian studies were all included.<sup>1</sup> Much more specific evaluation aimed at the study of Southeast Asia, covering all levels of education was made by Swami Anand Haridas in 1977, in a paper entitled "Southeast Asian Studies in Australia".<sup>2</sup> A similar document which stresses Indonesia specifically was *Indonesian Language and Culture in Australian Schools: Problems and Prospects* which was published in 1978 in Melbourne.<sup>3</sup> The pre-tertiary developments of Asian studies have been covered in a number of studies which appeared over the last 10 years or so. Included here were Olive Wykes and M.G. King, *Teaching of Foreign Languages in Australia*; a set of reports and individual papers which appeared during

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1 Australia, *Report by the Commonwealth Advisory Committee on the Teaching of Asian Languages and Cultures in Australian Schools* (Canberra: 1970). It is popularly known as the *Auchmuty Report* and will be referred to as such in this paper. Cf. The Australian National University, *Teaching about Asia in Australian Schools* (Canberra: 1971)

2 Swami A. Haridas, "Southeast Asian Studies in Australia", (Paper presented to the Conference on Southeast Asian Studies, Kota Kinabalu, November, 1977)

3 L. Kelabora, (ed.), *Indonesian Language and Culture in Australian Schools: Problems and Prospects* (Hawthorn: Victorian Indonesian Language Teachers Association, 1978)

the 1970s.<sup>4</sup> The developments in the tertiary education level have been the subject of study by Professor William L. Thomas, entitled *Path to Asia: Asian Studies at Australian Universities*.<sup>5</sup> More recently, the Australian Academy of the Humanities' Report on the *Survey of Foreign Languages in the Australian Universities (1965–1973)*, provided some insight to the relative position of Asian languages in the universities. These documents also summarised the picture of HSC enrolments in Asian languages across the country.<sup>6</sup>

The task of this paper, therefore, will be restricted. It will try to assess the developments of Asian studies in Australia against the aims which were set initially for these studies. What are the objectives of Asian studies in Australia? This is one of the general questions to be answered in order to set a framework for this paper. The analysis will be firmly placed on the study of Bahasa Indonesia since this is the third foreign language in Australian schools and the only Asian language with a nation-wide support. More specifically, then, the paper will ask: Why teach Bahasa Indonesia to an Australian child? Stated differently, the question becomes: Why does an Australian child decide to study Bahasa Indonesia?<sup>7</sup> Admittedly, a thorough review of literature is required to answer these and similar questions and this paper is only the start.

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4 Olive Wykes and M.G. King, *Teaching of Foreign Languages in Australia* (Hawthorn: Australian Council for Educational Research, 1968); Australia, Department of Education, *Teaching of Modern Languages in Australian Schools* (Canberra: 1977), Research Branch Report, No. 3; Australia, *Report by the Committee on the Teaching of Migrant Languages in Schools* (Canberra: 1976)

5 William L. Thomas, *Path to Asia: Asian Studies in Australian Universities* (Nedlands: University of Western Australia, Centre for Asian Studies, Working Paper No. 6, 1974)

6 Australian Academy of the Humanities, *Survey of Foreign Language Teaching in the Australian Universities (1965–1973)*, (First Report of the Committee on Foreign Languages to the Annual General Meeting of the Academy in Canberra, May 1975); Cf. Australia, Australian Universities Commission, *Language and Linguistics in Australian Universities* (Canberra: 1975), Report of the Working Party on Languages and Linguistics; Asian Studies Association of Australia, *The Teaching of Asian Languages in Australian Tertiary Institutions* (Report of the ASAA Sub-Committee on the Teaching of Asian Languages to the Second Biennial Conference on ASAA, Sydney, May 1978)

7 This is a relative sort of question which can be extended into such areas as: What would the political parties and governments in Australia gain by introducing Asian studies in Schools?: What are the specific expectations of the parents, business community, and trade unions with respect to Asian studies in the curriculum? For an argument supporting the relative question in relation to educational aims, see C.E. Beeby, *Assessment of Indonesian Education* (Wellington: New Zealand Council for Education Research/Oxford University Press, 1979), chapter 11.



## DEFENCE OBJECTIVE

When the Japanese language and culture were introduced at Sydney University in the period before the Second World War, the primary aim was the defence of Australia against the expanding might of the Japanese military. It was a direct attempt by the Australian government to understand the explicit and/or the implicit intentions of the Japanese so that an adequate defence of this nation could be undertaken. With respect to Indonesian studies in particular, the underlying defence argument was in fact strengthened by the events of the Second World War where thousands of Australians had to fight in the Southeast Asian theatre and died while defending Australia. Australian leaders not only discovered during the Second World War the strategic importance of Indonesia to their national defence; they were nearly drawn into a long military conflict against Indonesia during the West Irian campaign in the 1950s. It was in this defence context that the Australian government championed the opening of Indonesian studies departments at Sydney and Melbourne universities in mid-1950s. The following decade saw a subsequent mushrooming of Asian studies in this country against the background of Australia's military involvement in Vietnam and in the defence of Malaysia against Indonesia.

The broader defence strategy underlying the creation of Asian studies departments at the universities was to establish a pool of Asian specialists in this country whose knowledge and advice could be called for by the Australian government in times of need. The side effect, as it were, was to cultivate areas of mutual understanding and tolerance between Australians and their Asian neighbours so that possible conflicts could be averted. The narrow objectives of the defence strategy have been aimed at the training of a specifically selected personnel of the Armed Forces in Asian languages and cultures to gather and process defence related data on Asian societies. In the field of language training, the single minded pursuit of this aim by the School of Languages of the Royal Australian Air Force at Point Cook, Victoria, effectively demonstrated the success of this program. The School has been able to train and maintain at native fluency the military linguists in such Asian languages as Bahasa Indonesia, Chinese, and Vietnamese.<sup>8</sup> The specific achievements of this School has not been equalled in the civilian world, in the secondary schools and the universities. Very recently the facilities of the RAAF School of Languages have been extended to include some civilian employees of the Australian government; but no one outside the government circles have been allowed to participate.

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8 *The Auchmuty Report, op. cit.*, pp. 72-75

The defence view does not seem to have a wide acceptance in society. Perhaps this is partly due to the fact that Australia is too much integrated in the United States defence arrangements which superficially places Australian defence thinking in the global strategic games between the superpowers. In this context, small nation states of Southeast Asia are underestimated in military terms, at least from the public viewpoint. Or, if the military threat from the North becomes real the reasoning behind the current position is that such a threat can be contained with the assistance of the U.S. military might. This kind of complacency is dangerous. The similar pattern of defence thinking under the first Menzies era, as J.V. D'Cruz has shown,<sup>9</sup> brought the Japanese military attacks on the Australian shores during the Second World War. By interlocking Australia's defence and foreign policy to those of the British empire created a false sense of security. When the real threat came, the British could not come to the rescue of Australia and only a quick shift to the United States alliance saved this country from the bloody and brutal military occupation by the Japanese.

Over the last few years, the defence argument has been pushed to the surface again. In an opening lecture to the Second National Conference of Asian Studies Association of Australia in 1978, Dr. S. Fitzgerald, Australia's first Ambassador to the People's Republic of China, publicly suggested that all commissioned officers of the Australian Armed Forces should have the operational command of at least a foreign language. The preference was implied of an Asian language, either Bahasa Indonesia, Chinese or Japanese. The same imperative was set for the officers of the Department of Foreign Affairs and the members of Australia's diplomatic missions abroad.<sup>10</sup> In contrast to the previous viewpoints, this is a high posture defence argument. Its implementation will no doubt place Australia in a much stronger position to defend itself against the enemy from the North. The other point is that with her senior administrative and military personnel well trained to understand the peoples and cultures of Southeast Asia, Australia will be able to participate actively and meaningfully in the defence, political, economic, and cultural cooperation in the region. The long-term defence of Australia from a wider threat is implicitly ensured in this strategy.

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9 J.V. D'Cruz, *The Image of Asia* (Melbourne: The Hawthorn Press, 1973)

10 S. Fitzgerald, "The Asian Studies Crisis: ASAA, Government and People", *Asian Studies Association of Australia Review*, vol. 2, no. 1 (July 1978), pp. 1-13; John A. Warr, "Australian Outlook on Defence and Foreign Policies", (Paper presented on behalf of the Australian Institute of International Affairs to the Indonesian Institute of Sciences in Jakarta, January 1980)



The problem of course is whether we should take Dr. Fitzgerald's suggestion as a social and educational aim to be realised through schooling, or whether we should accept it as a statement of real need to which education must respond adequately. The current weaknesses of Asian studies programs in Australia are revealed here. If this is a statement of need, as the author clearly implied, then even in simple quantitative terms the Australian educational institutions cannot produce such a required number of personnel in the next ten years or so. As a social and educational aim, Dr. Fitzgerald's suggestion will remain so for many years to come. In spite of a rapid quantitative growth in terms of educational institutions and student enrolments in Asian studies, since 1970, Australia is far from creating such an elite with a real Asian orientation.

### ECONOMIC AND COMMERCIAL OBJECTIVES

The argument for the development of an understanding of Asian peoples and cultures through Asian studies has significant economic and commercial aspects. Before the Second World War, the need to undertake Asian studies in order to carry out trade and commerce with the Asian nations was less significant since Australia was an integral part of the British economic order; when Australia was the major supplier of even bread and butter to the British households. After the War, Australia was forced by circumstances to shift her trading and commercial interest towards Asia and the Pacific. This was caused partly by the entry of United Kingdom into the European Economic Community which made it increasingly difficult to sell Australia's products in the "mother" country; partly by the emergence of the new nations of Asia which required separate diplomatic and commercial arrangements outside the traditional British patterns; and finally by the emergence of Japan as an economic superpower in the post-war years which drew every nation in the Pacific region, including Australia, into her economic orbit.

In the context of Asian studies, the economic argument is compelling. Over the last 20 years or so Japan has emerged as Australia's major trading partner. Japan replaced Great Britain in this position in the 1960s and rapidly increased its volume of trade with Australia to the incredible amount of \$6,105,351,000, representing some 28% of the Australian trade during the 1976/77 financial year. This is even higher than the total Australian trade with the European Economic Community (including Great Britain), totalling some \$4,499,504,000; this is only 20% of all Australia's trade during that year. Australia's trade alone with the ASEAN nations in Southeast Asia accounted for \$1,202,925,000 in 1976/77 finan-



cial year.<sup>11</sup> During the rest of the 20th century, trade and commerce between Australia and Southeast Asian nations in particular will grow as the latter's increased economic development will allow their population to purchase more Australian goods.

After the War, the economic argument has been the dominant force behind the promotion of Japanese in Australia's educational institutions. The argument prevailed throughout *The Auchmuty Report* where the teaching of Japanese is stressed over and above other Asian languages; where the major funds allocated to the Asian Studies Coordinating Committee were spent in the development of the Japanese teaching materials as well as on the introduction of Japanese in some educational institutions.<sup>12</sup> The economic argument has not been evoked too strongly in support of the teaching of Bahasa Indonesia mainly because the volume of trade and commerce between Australia and Indonesia is less significant, and because the emerging economic relations between these two countries was a post-1970 phenomenon. In comparison with Japan, for instance, the volume of Australia's trade with Indonesia was only \$230,638,000 in 1976/77 financial year.<sup>13</sup> With the acceptance of Indonesia's Foreign Investment Bill in 1967, Australia's foreign investment in Indonesia has increased steadily to reach 86 companies in 1976, covering millions of dollars of capital outlay.<sup>14</sup> With Japan and the United States, Australia ranks as a major source of foreign investment in Indonesia. Yet the economic argument supporting Bahasa Indonesia in the Australian educational institutions is insignificant. The same is true of Chinese in particular and other Asian languages in general.

The problem with the economic argument is that it is too detached from the realities of the classroom. The linkages between Australia's economic involvement in Asia and what is happening to the Asian studies programs in the classroom need to be developed. Briefly, it is necessary for the Australian companies involved in Asia as well as the supporting

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11 These figures were calculated from R.J. Cameron, *Year Book: Australia* (Canberra, Australian Bureau of Statistics, 1978), p. 653

12 The Japanese bias of the Report and its subsequent implementation seemed to have been caused by the fact that the creation of the Commonwealth Advisory Committee which produced the Report was largely spearheaded by businessmen. *The Auchmuty Report, Passim*.

13 R.J. Cameron, *op. cit.*, p. 653

14 Australian Embassy, *Australian Based Companies Operating in Indonesia* (Jakarta: 1 August, 1976). The inclusion of companies operating in Malaysia and Singapore where Bahasa Indonesia is used will bring the total Australian investment participation in the Malay world to well over 200 companies.

public institutions to spell out publicly their manpower needs in order to facilitate their operations and then insist that education must respond to such needs. The training of sales managers, interpreters, market research personnel, economic intelligence officers, etc. must be undertaken on a large scale to support Australia's economic operations. It has been pointed out elsewhere, that the current recruitment policies with respect to personnel with Asian studies skills are inadequate. A study undertaken in 1973 shows that the Australian companies with Asian operations did not, as a matter of policy, recruit employees with Asian studies skills.<sup>15</sup> The practice is to recruit suitable personnel and then provide them with an instant training in an Asian language and send them to the relevant Asian country. With the singular exception of the Defence Department, similar practice is observed by the Departments of Foreign Affairs, Foreign Trades and Immigration. Such personnel, often with only three months training in an Asian language, are certainly unqualified despite their previous training in other fields. One has yet to assess the damage which has been inflicted upon Australia's diplomatic, social, and economic interests by the kind of advice rendered by this unskilled personnel.

Nor can the present educational institutions with Asian studies programs meet the specific personnel requirements of companies with Asian operations. One major Australian building company requested, in the 1973 study, personnel trained in Bahasa Indonesia and Concrete Technology for its Indonesian operations; the other indicated that it required people with Bahasa Indonesia and knowledge of Indonesian economic laws and taxation regulations; still another needs people with Bahasa Indonesia and international (economic) laws for its offices in Southeast Asia. Yet no Asian studies program at tertiary level in Australia provides such courses.

If Australia is going to become a major trading and commercial power in Asia and the Pacific and is going to invest a great deal of capital and resources in this region, then it has to re-structure its educational programs to respond to this situation in the 1980s and beyond. For, unlike the Defence Department which has means of satisfying its own needs of Asian specialists, even in a very modest way, the trade and commercial organisations do not even have one course designed specifically to meet

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15 L. Kelabora, "Report on the Employment Opportunities for Bachelor of Social Science Graduates Majoring in Indonesian Studies" (Unpublished Research Report to Bendigo Institute of Technology, March 1974). For specific attitudes of the Australian businessmen towards Asian studies, see C. Kiriloff, "Attitudes to Teaching Asian Studies in Australia", in The Australian National University, *op. cit.*, pp. 11-17; and *The Auchmuty Report*, *op. cit.*, p. 17



their needs. The current intensive summer courses in Asian languages at the Australian National University in Canberra which were designed for and supported by the relevant business establishments are too ad-hoc and inadequate even to provide the modicum of skills required for operations in Southeast Asia.<sup>16</sup> To be serious, one has to go beyond the present practices to create a new business elite capable of operating with a great deal of professional confidence in the Asian scene.

Tourism is one of the industries which will help to demonstrate the weaknesses of Asian studies programs in Australia. A rapidly expanding pattern of communications, especially air travel, will bring to Australia a vastly increased number of tourists from Asia. On the average, tourists from Asia represent only 15% of the annual tourist inflow of some 600,000 persons into this country.<sup>17</sup> Unless the political and security situation changes dramatically, the inflow of Asian tourists will increase significantly in the future as a function of expanding modern communication and economic activities between Australia and Asia. There is another way of looking at the tourist situation. Even within the existing communication framework, there is an imbalance between the number of Australians visiting Asia and the Asians coming to Australia. For a complex set of reasons, for every Asian visiting Australia there was in 1978 two Australians going to Asia as tourists. The ratio for Indonesia, the closest of Australia's neighbours, is much worse. For every Indonesian coming to Australia in 1978, there were four or five Australian tourists visiting Indonesia.<sup>18</sup> Apart from the fact that this imbalance in tourist flow must have some serious effects on Australia's balance of payments, its economic effects on the airline industries must be undesirable.<sup>19</sup> Over the years, economic forces will operate to rectify this situation. This means in practice that, against the background of a growing tourist intake, a major increase in tourist inflow from Asia will take place.

What can education do to respond to this situation? In terms of manpower alone, there will be high demand for graduates with Asian studies

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16 The details of the 1980 courses are outlined in The Australian National University and Canberra College of Advanced Education, *Summer Intensive Language Courses*, 20 November – 15 December 1978, 2–26 January 1979 (Brochure)

17 Australia, Bureau of Statistics, *Overseas Arrivals and Departures* (Canberra: 19 September, 1979), p.7

18 *Ibid*, pp. 7-8. In 1977, some 28,079 Australian tourists went to Indonesia, as against 5,983 Indonesians coming to Australia. The figures for 1978 were 32,912 and 8,115 respectively

19 While the real picture is not clear, the underlying problems can be discerned from the current debates on airfares and air routes to and from Asia. See for instance, *The Age* Editorial of 15 April, 1980, entitled: "Filling Empty Qantas Seats"



skills to operate banks, hotels, restaurants, travel agents, souvenir shops; there will be demands for tour guides and interpreters to cope with the Asian tourists. Within the states and federal administrations, there will be demand for people with Asian studies skills to handle passports, visas, and enquiries of all sorts; even the problems involving the police and courts will have to be handled properly and personnel with specific skills in Asian studies will be required. It is clear that Asian studies programs which have been operating for the last 30 years or so will have to be radically re-structured to respond to these economic demands. The language training in the field of Bahasa Indonesia, for instance, can hardly equip a high school graduate even to buy a stamp in Indonesia. To become a tourist guide for a group of Indonesian tourists in Australia is definitely impossible.<sup>20</sup>

### THE GENERATION GAP

Apart from the social, economic and security reasons for the development of Asian studies in Australia, there are sociological reasons pertinent to the emergence of Australia's identity as a nation. It has been argued that the fall of Singapore in February 1942 brought Australia to an adolescent age, so to speak.<sup>21</sup> That particular event brought home to the Australians the fact that British power and influence in the Far East was not invincible; that Australia was 12,000 miles away from Europe so that in any crisis the British navy would have no way of rescuing Australia in time; that Australia had to come to terms with her geographical propinquity to Asia by accepting the fact that she is an Asian nation.<sup>22</sup> It was this realization that led a handful of young Australians to leave for Indonesia, soon after the Second World War, to work and live amongst the Indonesians.<sup>23</sup> That was the beginning of a new process of relationships

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20 See for instance, Indonesian language courses in Victorian Institute of Secondary Education, *Handbook, 1980*, pp. 349-354. Even the proposed changes to be implemented in 1981 will not rectify the situation. Cf. Victorian Institute of Secondary Education, "Course Outline of Proposed Group 1 Subjects for 1981: Indonesian", (Circular to Schools, November 1979). The weaknesses of courses such as these are outlined in Swami A. Haridas, "A Heap of Ashes: Indonesian Language Teaching and Misplaced Cultural Objectives", in L. Kelabora, (ed.), *Indonesian Language and Culture in Australian Schools*, *op. cit.*, pp. 38-44

21 R. Rivett, "Australia as an Asian Nation" (Paper presented to the Australian Jaycess South Australian Seminar, Adelaide, March 1968), Cf. J.V. D'Cruz, *op. cit.*, p. 65

22 Amry and Mery Belle Vandenbosch, *Australia Faces Southeast Asia: The Emergence of a Foreign Policy* (Lexington: University of Kentucky Press, 1967), pp. 1-9; D. Horne, *The Lucky Country* (Ringwood: Penguin Books, 1964), pp. 88-89

23 The program is known as The Australian Overseas Volunteers Scheme. See, Swami A. Haridas, "Southeast Asian Studies in Australia", *op. cit.*, p.2; a much more detailed ac-

between Australians and Indonesians, which flowered into different forms and shapes in the following years.

The emergence of the post-war generation of Australians who did not have the first-hand experience of the British power and influence in Asia of course accelerated the shift. To this generation, as has been shown elsewhere, Jakarta and Kuala Lumpur are closer than London and New York; the study of the language of Australia's neighbours in the immediate North is important and necessary; the inclusion of European languages in the curriculum can only be justified on intellectual grounds.<sup>24</sup> The emergence of this generation was coupled with a rapid improvement in modern transport and telecommunication which have in fact brought Australia much closer to Asia, and vice-versa. The major international airports in Jakarta and Bali are now a few hours away by aeroplane. In fact the cost of air travel from Perth in Western Australia to some Australian cities in the east coast is now higher than to Jakarta.<sup>25</sup> In reality, Northern Territory is closer to Indonesia and Malaysia than to any major State in the Southeast of Australia.<sup>26</sup> To state the argument differently is to say that the post-war generational change has helped to correct the distorted world view of the pre-war generation of Australians who viewed Paris, London and New York not only as the centres of the world, but also as cities very close to Australia.

In this context, it is right that Indonesian language and cultures should be studied because they are the languages and cultures of Australia's neighbours. It is this sense of rightness, according to Rev. A. Crow, the first President of the Victorian Indonesian Language Teachers Association (VILTA), which has kept things moving along the right path and making the right progress. As he put it,

although the demands of bringing in Indonesian have brought us at times almost to a physical standstill, there has always been that sensation of being borne along; some

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count of the experiences of these people in Indonesia, see I. Southall, *Indonesia Face to Face* (Melbourne: Lansdowne Press, 1964).

24 L. Kelabora, *Quantitative and Qualitative Aspects of the Teaching of Bahasa Indonesia in Victorian Schools: Report on Teachers* (Bundoora: Research Report to the Commonwealth Education Research and Development Committee, 1979), pp.40-41; 140-142.

25 TAA International Booking Office quoted the following return airfares on 1 May 1980: Perth/Melbourne, \$418.38; Perth/Sydney, \$491.00; Perth/Brisbane, \$599.00; and Perth/Jakarta, \$446.00.

26 This obvious geographical propinquity cannot be expressed in terms of airfares, however. ANSETT International Booking Office quoted, for instance, on 2 May 1980, the following return airfares: Darwin/Denpasar (Bali), \$630.00; and Darwin/Jakarta, \$700.00. These compare very badly, for instance, with Melbourne/London return airfare of only \$882.00.



things have been absurdly easy to accomplish; . . . The Committee of VILTA have never felt they had to fight or push. There has always been that feeling of quiet growth and the intrinsic rightness of the task we are engaged in. Indonesian will grow because it is good that we should know it; and because our country needs it.<sup>27</sup>

It is this sense of rightness which largely inspires many in Victoria and elsewhere in this continent to pursue the study of Indonesian peoples and cultures, against odds and often within an unkind environment.

Education in this context has a double function. First of all, it is to preserve the existing situation in the field of Asian studies and ensure their continuity. The major gains which have been made over the last 30 years or so should be preserved and consolidated. To do otherwise is not only to invite protest from those who are deeply committed to the present situation of Asian studies within the education system; but to do damage to Australia's growing transformation as a new nation within the Southeast Asian region. Secondly, education has the function of shaping attitudes and individual preferences. In the field of Asian studies, therefore, there is the inherent duty to educate the public at large, the governments, business community, trade unions, and academics alike about the reality of Australia's interlocking relationship with Asia. It is absolutely essential that such a reality be reflected in the school curriculum; that the majority of Australians today and those of tomorrow should be well educated to understand and accept such a reality.

Even if it is valid, the argument that Bahasa Indonesia has to be included in the school curriculum because it is the language of Australia's immediate neighbours has little support inside as well as outside the classroom.<sup>28</sup> In the schools, this neighbourhood reality does not provide necessary and sufficient justification for the study of Bahasa Indonesia. The current literature on international education, for instance, stresses migrant languages and since there is no Indonesian migrant settlements in Australia, Bahasa Indonesia does not feature.<sup>29</sup> Under the category of international education, the Curriculum Development Centre in Canberra included Bahasa Indonesia as one of the many foreign and ethnic languages which can be developed in the curriculum.<sup>30</sup> The fact that Ba-

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27 Quoted in W.H. Martel, (ed.) *The Teaching of Asian Language and Studies in Schools* (Melbourne: Australia-India Society of Victoria, 1969), p. 33

28 The only place where this argument has been strongly advanced is in L. Kelabora, R. Ketchell and L. Vertigan, "The Indonesian Language Teacher in the Multicultural Australian Society", *The Indonesian Quarterly*, vol. 7, no. 3 (July 1979), pp. 65-87.

29 Cf. J. Cleverley and P. Jones, *Australia and International Education: Some Critical Issues* (Hawthorn: Australian Council for Educational Research, Australian Education Review No. 7, 1976), pp. 7-20

30 Australia, Curriculum Development Centre, *Triennial Program, 1977-79: New Directions in*



hasa Indonesia is the language of Australia's closest neighbours appears to be irrelevant. The successive Australia's Schools Commission Reports since 1973 have not even mentioned Bahasa Indonesia specifically, nor made provision for its development within the school curriculum.<sup>31</sup>

Inside the classrooms, Bahasa Indonesia is provided simply as one of the foreign languages which students can choose. In other cases, it is presented to students as one of the Asian languages which can be taken in place of Japanese or Chinese. Still in others, Bahasa Indonesia is simply one of the options which is suggested instead of typing or business studies. Even if the concept of neighbourhood amongst nations is taught within social sciences, this concept does not seem to apply when one is involved in the study of modern languages. It has been suggested that geographical propinquity should be accepted as one of the criteria of choosing a foreign language in the schools;<sup>32</sup> but this suggestion has yet to be appreciated.

The implication here is that supporters of Asian studies in general and Indonesian studies in particular constitute a minority in this country. They are a dedicated minority who have successfully made Bahasa Indonesia a permanent feature of the Australian educational landscape. But the task ahead is demanding; many more need to be converted to the cause; and this will be the major challenge in the years ahead.

## THE SCHOOL BASED REASONS

There are of course specific reasons why schools introduced Bahasa Indonesia. Facing the rigid control upon the curriculum by the compulsory study of European foreign language in the early 1960s, some schools introduced Bahasa Indonesia as an alternative. Apparently it was

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*Curriculum Development with an Emphasis on Lower Secondary Schooling* (Canberra: 1977), especially pp. 49-52; and *Triennial Program, 1978-80: Curriculum Development for Australian Schools* (Canberra: 1978), especially, pp.61-64

31 For instance, see Australia, Schools Commission, *Schools in Australia: Report of the Interim Committee for the Australian Schools Commission* (Canberra: 1973); *Annual Report, 1974* (Canberra: 1975); *Annual Report, 1975* (Canberra: 1976); *Report of the Triennium, 1976-1978* (Canberra: 1975); *Report: Rolling Triennium, 1977-79* (Canberra: 1976). Further, it was indicated in 1974 that of the total of \$2,714,575 allocated to Special (Innovation) Projects, only \$2,853 were to support three Asian studies projects. These projects were distributed as follows: 1 project costing \$400 in NSW; 1 project costing \$500 for Victoria; and 1 project costing \$1,953 for Western Australia. (*Annual Report, 1974*, pp. 264, 271 and 287 respectively)

32 A.H. Johns, "The Educational Value of Asian Studies in Australia", in *The Australian National University*, *op. cit.*, p. 3

believed quite mistakenly that Bahasa Indonesia was rather easy to acquire in comparison with the European languages. A research officer with the New South Wales Department of Education ignorantly remarked that Bahasa Indonesia does not have a literature of its own.<sup>33</sup> The implication was that Bahasa Indonesia was quite easy to learn, unlike French or German with extensive literature to cover. As it was pointed out previously, the same mistaken assumption persists throughout the business community and the government departments with their instant Asian language training.

The initial pattern was to require students across the board to enrol for either French or German from the Year 7 level; at the end of Year 9, those who opt out of the European languages could take up Bahasa Indonesia from Year 10 onwards. The advantage here is that Bahasa Indonesia has the reputation of a free and non-compulsory subject. Unlike its compulsory European counterparts, therefore, Bahasa Indonesia developed almost solely from the enthusiasm and enterprising drive of its teachers. The inherent problem in this situation, of course, is that Bahasa Indonesia which starts in most schools at Year 10 becomes the dumping ground for the less able students who may have been led to believe that this language is easier to learn than other languages. In fact, many of them discover later that Bahasa Indonesia is just as difficult as any foreign language. Consequently, as Ian Welch demonstrated quite bluntly, the drop out rate amongst Indonesian language candidates between Year 10 and Year 12 is quite staggering: only 5% of all Year 10 intake reached Year 12 level and only 1.2% in fact submitted for the Year 12 examinations, in 1975.<sup>34</sup> Thus, failure is built into the Indonesian language programs from the very beginning. As Ian Welch put the point in 1978, if

we are aiming at an informed public, we are failing. Less than 7% of students in Victoria are enrolled in Asian languages this year. If we are aiming at an informed tertiary sector, we are equally astray. Less than 2% of all Australian matriculants are likely to go on and matriculate in all modern languages.<sup>35</sup>

Presenting the student with the choice between studying either a European language or an Asian language is based on the mistaken assumption that the latter belong to one category of languages. In most schools, students can choose either to study German or French; but they do not normally have the opportunity to present for either Bahasa In-

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33 Gail L. Robinson, *Foreign Language Study in N.S.W.: State of the Art, 1973* (Sydney: Centre for Research in Measurement and Evaluation, 1973), p. 18

34 I. Welch, "Some Reflections on Second Language Study in Australian Schools, with particular reference to the Study of Bahasa Indonesia", in L. Kelabora, (ed.), *op. cit.*, p. 21

35 *Ibid.*, pp. 21-22



onesia, or Chinese or Japanese. Since Japanese and Indonesian, for instance, are completely different languages which manifest two completely different cultures, a choice between them is just as significant as a choice between French and German. Yet, to press the point upon the schools, as has been done by a number of writers,<sup>36</sup> is to beg the question. It is to assume that the schools are really aware of these major differences between the Asian cultures when in fact the introduction of an Asian language into the curriculum often represents the first step to the study of Asia. It should be noted that this situation is responsible in many ways for the slow growth of Asian languages in schools. Most schools do not provide more than one Asian language, even though they have more than one European language in the curriculum. Others who are having difficulties with sustaining one Asian language often refuse to introduce another Asian language. The tendency here is to generalise the difficulties, for instance, from Japanese to Bahasa Indonesia, when there is in fact no grounds for such generalizations.

There are other school based reasons, however, which were responsible for the rapid quantitative growth of Asian languages across the curriculum in Australia, especially Bahasa Indonesia. At the beginning of the 1960s, it was in fact a novel experience for an Australian child to study an Asian language and actually utter a number of strange words in that language. It was as if Asia, with the esoteric aroma of the 1001 nights stories, was gradually unfolding herself before the mind of an Australian child. This was a psychological phenomenon, the real discovery of Asia by Australian children in the classrooms which increased, doubled, and trebled the enrolments in Bahasa Indonesia since the mid-1960s.<sup>37</sup> *The Auchmuty Report* indicated in 1970 that 71 schools were providing Bahasa Indonesia to 3,431 students in 1969 all over Australia. A total of 30 of these schools were in Victoria catering for 1,964 students.<sup>38</sup> It was reported in June 1978, that the Australia wide enrolments in Bahasa Indonesia had increased by some 450% to 10,985 students, with some 8,941 of these students in Victoria alone.<sup>39</sup> Another document estimated

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36 Cf. A.H. Johns, *op. cit.*, pp. 3-5. Cf. Asian Studies Association of Australia, *op. cit.*, which listed 20 national languages across Asia and recommended that 19 should be taught in Australia and four of these, namely Indonesian/Malay, Chinese, Japanese, Hindi and Arabic should be provided irrespective of student demand (p.4)

37 The existing literature has not really captured the fascinating discovery of Asia by Australian children, within the Australian classrooms, throughout the 1960s and the early 1970s; some have only made references to it. See for instance. A.H. Johns, "Dari Mana Hendak Ke Mana?: Reflections on Teaching About Indonesia", in L. Kelabora, (ed.), *op. cit.*, p.9, and L. Kelabora, *Report on Teachers, op. cit.*, pp. 4-6

38 *The Auchmuty Report, op. cit.*, pp. 24-25

39 I. Welch, *op. cit.*, p. 20



the Victorian enrolments in 1979 to be around 10,000 students, at some 96 schools.<sup>40</sup> To date, no comprehensive data are available on the quantitative growth of Bahasa Indonesia across Australia; or if they are available, they are usually not accurate.<sup>41</sup>

The geographical dimensions of the expansion are quite dramatic. Since the release of *The Auchmuty Report* in 1970, Bahasa Indonesia has expanded to cover almost every school in Northern Territory; to some 20 primary and secondary schools in South Australia; and to some 96 schools in Victoria. There is evident decline in Western Australia, Tasmania, and perhaps New South Wales. While Queensland with only six schools providing Bahasa Indonesia appears to be rather immune to this pattern of growth: Queensland is apparently reserved for the study of Japanese. Why is it that Bahasa Indonesia is expanding rapidly in some States in Australia and not in others? Only further research will help to answer this question.

Another school based reason for the introduction of Asian languages in the curriculum was the changing nature of decision making in education. The 1960s in Australia saw an important shift in curriculum decision making from the central educational bureaucracies to the schools. This shift provided the opportunity for many schools to follow the winds of change, as it were, and enrolled students in Asian languages.<sup>42</sup> As the growth of Asian languages gained momentum, more and more schools entered the field often with false expectations and without adequate preparations. By the end of the 1970s in Victoria, for instance, many schools had the taste of an Asian language and some unfortunately decided to leave the field altogether. Those who are about to enter the field are very much aware of the failures of the other schools. The advantages of this situation is that the newcomers have less illusions about the esoteric and novel features of an Asian language; that the relevant principals are consulting others and preparing the grounds much more carefully for the

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40 Victorian Indonesian Language Teachers Association, "Annual Report, 1979", *Suara VILTA*, December, 1979, p.4

41 An attempted listing was made by the Asian Studies Coordinating Committee in Canberra and was published in L. Kelabora (ed.), *op. cit.*, pp. 92-101. It was shown that 211 schools were teaching Bahasa Indonesia in 1978, representing an increase of 200% from the 71 schools listed by *The Auchmuty Report* in 1970. The real figure could be around 300 schools during that year alone.

42 A memorandum entitled "Foreign Language Study in Secondary Schools", by the Director of Secondary Education in Victoria to all secondary schools (Circa, 1973), virtually placed the decision to introduce a foreign language, e.g. Bahasa Indonesia, in the hands of the schools. The Memorandum provided the guidelines within which such a decisions may be taken.

launching of the new venture. This situation will provide schools with stable Indonesian language programs for the 1980s and beyond. The disadvantage here is that more schools may be giving up Bahasa Indonesia and less schools are taking it up. The situation needs to be watched very carefully. For if the decline trends gain momentum, it may not be easy to arrest.

Two final points should be noted. First, the link between Asian languages and European languages has been weak, from the viewpoint of the students' choice. The foregoing review has indicated a very rapid growth rate in the field of Asian languages against a background of a rapid drop-out from the European languages.<sup>43</sup> This does not mean, however, that Asian languages are picking up the dropouts from the European languages.<sup>44</sup> The data at hand show that students who drop out from the European languages will also leave other foreign languages. In other words, those who are studying Asian languages are a distinct group of students whose characteristics need to be established and understood for the benefits of Asian studies in general. The second point is concerned with the link between the demand for Asian languages in the classroom and the public demand being aired by governments and business community. The gap between these two categories of demands is wide and complex. The rapid quantitative growth of Bahasa Indonesia in the schools has been a direct consequence of the private demands by the students. There is no evidence to show that such a demand has been shaped to a significant extent by the official and public views about what Australia can gain by studying Asian languages and cultures. The priority in the next decade is to close this gap and strengthen the link between these two categories of demands in order to prevent the former from being evaporated for its lack of relevance.<sup>45</sup>

## THE LIBERAL EDUCATION AND OTHER AIMS

Ideally, of course, Asian studies should be pursued for their own sake. The major Asian languages, such as Japanese, Chinese, Bahasa Indonesia, Hindi, and other in fact represent major cultures and human civilizations which go back to thousands of years. The diversity of litera-

43 Australian Academy of the Humanities, *op. cit.*, pp. 55, 72, 74

44 L. Vertigan, "The Teaching of Indonesian Language and Culture: Problems and Future Directions", in L. Kelabora, (ed.), *Indonesian Language and Culture in Australian Schools*, *op. cit.*, pp. 28-29. Cf. L. Kelabora, "The Future of Indonesian Studies in Australia: A Conference Report", *Asian Studies Association of Australia Review*, vol. 3, no. 1 (July 1979), pp. 16-21

45 This point was argued quite strongly in L. Vertigan, *ibid.*, *Passim*.



tures, histories, arts, traditions, religions, philosophies, statescrafts, architectures, and military techniques displays the highest achievement of the human mind over the centuries. The depth and richness of human experience can be shared by a study of such civilizations. Language studies in this context can be undertaken either as tools to unlock the sacred gates to these cultures or as separate studies which can be justified for their own merits. After all, the studies of literatures and linguistics are just as enjoyable as the study of histories and architectures.

Only a few people so far have advanced this liberal education argument with a degree of persuasiveness and strength.<sup>46</sup> So far, they are still in the minority. It does not follow, however, that their assumptions do not persist in the Australian education system. Swami Anand Haridas has shown recently that almost all Indonesian language departments at the tertiary levels are designed to achieve the liberal education objectives.<sup>47</sup> Designed either along the Dutch model for ethnographic studies or the London's School of Oriental Studies model on literatures and civilizations, these departments have concentrated their efforts on the training of graduates with Masters and PhD degrees for research. The vocational educational objectives do not feature at all, at least in the formal documents. Even the training of Indonesian language teachers over the last 15 years or so have been done more by default than by systematic planning.<sup>48</sup> With the exception of the RAAF School of Languages at Point Cook, no tertiary educational institution in Australia at the moment is engaged in specific vocational training of Indonesian graduates for business and/or government institutions. Even the colleges of advanced education which should be more employment oriented have in fact simply copied the established academic courses in the universities.

With respect to Bahasa Indonesia, the liberal education aims do not seem to be compelling enough for secondary schools. The absence of the study of Indonesian literature, in particular, demonstrated the non-liberal nature of Bahasa Indonesia in schools. Certainly, without literatures, Bahasa Indonesia is not as heavy as French, German, or English, to an Australian student. It has been shown earlier, that this may have been responsible for the rapid quantitative growth of Bahasa Indonesia during the last 20 years or so. But it has also contributed to the

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46 Cf. A.H. Johns, *Indonesian Studies in Australia: An Open Horizon* (Canberra: The Australian National University, 1964); Asian Studies Association of Australia, *op. cit.* For a general discussion of the nature of liberal education, see P.H. Hirst, *Knowledge and the Curriculum: A Collection of Philosophical Papers* (London: Routledge and Kegan Paul, 1974), especially Chapter 3.

47 Swami A. Haridas, "Southeast Asian Studies in Australia", *op. cit.*

48 L. Kelabora, R. Ketchell and L. Vertigan, *op. cit.*, pp.72-73



largely dry nature of the Indonesian language curriculum. The emphasis on language proficiency as the only major and worthwhile objective of Indonesian language instruction is absurd, mistaken, dangerous. For one thing, as Swami Anand Haridas rightly insisted, there is no end to language training and there is no way that language proficiency can be achieved in the classroom. We have to bring culture into the classrooms and make cultural understanding the only aim worthy of pursuit. In this way we may be able to restore some of the rigour which seems to have escaped us.<sup>49</sup> Underlying Swami Anand Haridas' argument is the confused nature of the Indonesian curriculum design at the secondary level. At the present time, such a curriculum does not seem to be oriented towards realizing the high ideals of liberal education; nor is it designed for more practical instrumental ends, e.g. for vocational training. So, what is it for?

Ironically, the lack of emphasis on liberal education within the Indonesian studies was a major factor of its exclusion from some secondary schools. In some Catholic schools in Victoria, in particular, language learning is strongly justified in terms of liberal educational objectives. Such languages as French and Latin represent significant Western civilizations and their study is justified on these grounds. The principal of a major Catholic College in Victoria underlined these points in 1975:

The only other cause for hesitation [in introducing Bahasa Indonesia in the College], and I will put it very gently, is that we are aware of the culture of the Romans and the literature that ancient language [i.e. Latin] provides. In French, there seems to be a living history of literature, of a culture, which has affected us. Personally, and this is only a personal comment, I am not too sure of the role of Indonesia in its culture, in its history of its literature that would be of benefit to our students.<sup>50</sup>

No doubt this is one of the reasons which have kept the study of Bahasa Indonesia in the government and the non-Catholic schools. The penetration of the Catholic educational establishments have been very slow and rigid.

## LOOKING AHEAD

The sociology of Asian studies in Australia emerged in the foregoing analysis. The first group consists of the governments and the business community who insist on an instrumental approach to Asian studies. Defence, trade, commerce, employment, and even political gains constitute the ends for which Asian studies are the means. The question of

49 Swami A. Haridas, "A Heap of Ashes", *op. cit.*; p.41

50 Data from a recorded field work interview, 10 October, 1975. The identity of the interviewee, as with others in this particular study, has been kept confidential.

relevance in this context is framed in terms of the capacity of the Asian studies programs to meet the demands of the market place. The arguments at this level are quantified in terms of the number of enrolled students, per capita allocation of funds, the numbers of graduates annually, and the proportion of graduates who can be absorbed into employment. The second group are the academics, the Asian studies specialists at the tertiary educational institutions whose primary concern is the development of Asian studies for their own sake. To them, the Asian studies should be undertaken because they are intrinsically good. Of course the reality of instrumental ends within the Asian studies framework are appreciated; but they are certainly restricted. Languages, for instance, are often taken as tools for research in order to gain an understanding of the relevant Asian societies, rather than for employment in the wider world.<sup>51</sup> The third category of people in the sphere of Asian studies are the teachers in schools, the professional educators, whose primary concern is to teach Australian children about Asia. In the context of the classroom, the content is secondary to the educational principles and processes by which such a content is transmitted. The critical question at the end of every lesson is whether successful learning of Asia has taken place. The content design, employment prospects, defence and political relevance, are all secondary.<sup>52</sup> Finally, there are students who have the right to decide whether or not to undertake Asian studies. And when such a decision is to be taken, a complex set of reasons come into play, including those which have been mentioned above.

The first problem to be sorted out in the next few years is inherent here. There is no consensus in Australia about the nature of the art. Why teach Bahasa Indonesia to an Australian child? This question which was posed at the beginning of this paper is therefore crucial. It must be adequately answered in the next few years to provide firm guidance for the development of Asian studies in the years to come. If Australia is going to become a major centre for Asian studies, as some have argued,<sup>53</sup> then attempts must be made to settle the conflicting demands, differing objectives, irrelevant programs, aimless training of youngsters, and unequal pressure on limited resources.

The second problem is far more serious. For the last few years, there has been a gradual and fundamental shift to multicultural education. With the publication of the *Galbally Report* in 1978 and its subsequent

51 Asian Studies Association of Australia, *op. cit.*, pp.5, 14-16

52 The nature of the teacher's role in the teaching/learning process in the classroom is captured quite well in C.E. Beeby, *Quality of Education in Developing Countries* (Cambridge, Massachusetts: 1966).

53 The Auchmuty Report, *op. cit.*, p. 100; and William L. Thomas, *op. cit.*, pp.79-88



government endorsement, Australia is formally recognised as a multicultural society.<sup>54</sup> Formally, at least, Australia at the opening of the 1980s is no longer "a white outpost in an out-of-the-way corner of the world, with a handful of Britishers occupying a continent bounded by the vastness of the Indian and Pacific oceans".<sup>55</sup> Rather Australia is now a colourful diversity of peoples of different religions, cultures, ethnic origins and outlooks. Everyone of them has the legitimate claim and equal rights to national resources and privileges. The corollary of this multicultural argument is the development of an education for a multicultural society. Such an education, as outlined in the recent documents,<sup>56</sup> is aimed at strengthening those areas which are necessary for the growth of a multicultural Australian society. Such areas as teaching English as a second language, the promotion of ethnic languages, migrant education programs, community participation in education, etc. are to be supported by the governments. Where are the Asian languages in this context? Can the Asian languages be included in the program for multicultural education? With the exception of Vietnamese and Arabic which are supported by significant ethnic groups, such other Asian languages as Bahasa Indonesia are certainly outside the field.

Since the inclusion into the concept of multicultural education implies the allocation of public resources, most foreign languages in the 1970s will try to go ethnic in the 1980s and beyond in order to gain legitimacy and access to funds and resources. With extensive German settlements in this country, it will be easy to classify German as an ethnic language; French will also become an ethnic language for the same reasons, although there could be some initial difficulties; Chinese will be next as the diplomatic and commercial links with the People's Republic of China are improved and expanded. But Japanese and Bahasa Indonesia will remain foreign languages because they have no ethnic push in the community. In fact, if the process of ethnicization proceeds along the

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54 Australia, *Migrant Services and Programs: Report of the Review of Post-Arrival Programs and Services for Migrants* (Canberra: 1978). This Report which is popularly known as *The Galbally's Report*, provided an operational definition of a multicultural Australian society (p.3). Cf. La Trobe University, *Australia's Multicultural Society: Meredith Memorial Lectures*, 1978 (Bundoora: October 1978)

55 Amry and Mary Belle Vandenbosch, *op. cit.*, p.3. Cf. R. Freeman Batts, *Assumptions Underlying Australian Education* (Hawthorn: Australian Council for Educational Research, 1970), p.31

56 The government's position is spelled out in Australia, Schools Commission, *Education for a Multicultural Society: Report of the Committee on Multicultural Education* (Canberra: 1979). Cf. "Education in a Multicultural Australia", *Education News*, vol. 16, no. 12 (1979), pp.21-28



above patterns, then Bahasa Indonesia and Japanese will be the only foreign languages on the Australian scene. In that kind of situation, the current problem facing Japanese and Indonesian will increase perhaps even to the demise of these languages in the curriculum.

The third problem is closely connected to the concept of multicultural education: it is the core curriculum. Although debates on the nature of the core curriculum are still at the elementary stage, a wider consensus about its necessity is emerging.<sup>57</sup> The thrust of the argument here is that in order to facilitate the development of a cohesive industrial society, peoples of Australia with their diverse religious, ethnic, race, origins, and aspirations should have some grounds on which to base their common nationality. The future of foreign languages in general will depend to a great extent on what is to constitute the core curriculum. If the core curriculum in Australia is defined as a set of skills, e.g. numeracy, literacy, analysis, synthesizing, etc. which are necessary for every Australian child to operate in his social and economic environment, then the emphasis of the core will be on the English language, Sciences and Mathematics.<sup>58</sup> On the other hand, if the core curriculum is designed to develop a common set of values, symbols, ideals and perceptions to be shared by everyone regardless of their diverse backgrounds and of the kind of skills and occupations they have, then the core will stress the basic features of the Australian culture.<sup>59</sup> Admittedly, such basic features will have to be distilled out of the existing situation — a task for cultural specialists and educators — and be prescribed for schools. The point of the argument here is that since languages are strongest expressions of culture, there will be a place for foreign languages in the core curriculum. Until such basic intellectual and educational issues of the core curriculum are resolved, the destiny of Bahasa Indonesia and other foreign languages in the 1980s and beyond are very much in the balance.

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57 For a review of the literature on the subject, see La Trobe University, Centre for the Study of Innovation in Education, *Core Curriculum and Value Education: A Literature Review* (Prepared for the Council of the Curriculum Development Centre in Canberra, 1979). The definite commitment by the Victorian Government to the core curriculum in schools is included in A.J. Hunt and N. Lacy, *Aims and Objectives of Education in Victoria* (Melbourne: Ministerial Statement, Parliament of Victoria, 1979), p.5

58 Cf. J.V. D'Cruz and P.J. Sheehan, *The Renewal of Australian Schools: A Changing Perspective in Educational Planning* (Hawthorn: Australian Council for Educational Research, 1978), pp.7-8. Cf. *Education for a Multicultural Society*, *op. cit.*, especially chapter 3. Cf. "Education in a Multicultural Australia", *op. cit.*, p.27

59 An argument to this effect is advanced in J.V. D'Cruz and Wilma Hannah, (eds), *Perceptions of Excellence: Studies in Educational Theory* (Melbourne: The Polding Press, 1979), Introduction. A more general theory of values as integrating forces in society is found in S. Takdir Alisjahbana, *Values as Integrating Forces in Personality, Society and Culture* (Kuala Lumpur: University of Malaya Press, 1966).

Neither can the case of foreign languages find comfort in the framework of international education. Like the concepts of multicultural education and the core curriculum, international education is very much an under-developed notion in this country. The existing literature on international education emphasizes education as foreign aid and migrant education in Australia. These concepts clearly have little to do with the development of internationalism in the classroom, with the moulding of an Australian child as a citizen with a clear perception of his place in the world, in relation to his neighbours in Southeast Asia and the Pacific. Consequently, the proponents of international education tend not to stress foreign languages or Aboriginal languages. The major emphasis on education as a foreign aid tends to promote the sense of Australia's Western cultural and technological superiority over and above the recipient countries of Asia.<sup>60</sup> The logic of foreign aid creates a distance between the donors and the recipients. Naturally, little support can be found within the international education circles for an inclusion of Asian languages and cultures in the Australian curriculum.

The future of Asian languages in Australia, especially Bahasa Indonesia, is thus dependent almost solely on the creation of the public demand for its graduates across the board.<sup>61</sup> Coming from the governments and the business community, such a demand will inject new enthusiasm and direction into the classroom and change the development pattern of Asian studies in general and Indonesian language and cultures in particular. It is within this context that the integration of the Asian Studies Coordinating Committee into the Curriculum Development Centre in June 1978 was shortsighted and quite unfortunate. This integration left Asian studies without any institutional support, formal ally, and consultative platform within the complex network of government bureaucracies. The other factor is that at this stage, massive injection of public funds is required to develop high quality teaching materials to support Asian studies in 1980 and beyond. Thanks to the generous financial grants from the Asian Studies Coordinating Committee, Japanese is now well equipped with high quality and an excellent range of textbooks and teaching materials for the future. What about other Asian languages? Bahasa Indonesia, for instance, is crucially dependent on large scale government funding to replace the existing textbooks, readers, and dictionaries which are so rigid, outmoded, and unsuitable for the Australian classroom. For there is no other source of funds. In addition, the Indonesian language market is too small to be subject to commercial ex-

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60 J. Cleverley and P. Jones, *op. cit.*, pp. 21-38; and Curriculum Development Centre, *Triennial Program, 1977-79, op. cit.*, pp. 49-52, and *Triennial Program, 1978-80, op. cit.*, pp. 61-74

61 This is the major theme of Dr. S. Fitzgerald's paper; *op. cit.*



ploitation by publishers. So far, the development of Asian studies in Australia has been determined by a haphazard and moody private demand by students. While respecting the principles of democracy inside as well as outside the classroom, the fundamental decisions affecting the future of Australia in the fields of defence, foreign policy, trade and commerce should not be left entirely in the hands of the growing youngsters who have no idea about Australia's place in the world, or have a distorted view about Asian nations. Unfortunately, again, this kind of demand will continue to shape the development of Asian studies in Australia for many more years to come.

In fact the next 25 years or so are not really promising for the growth of Asian studies in Australia. After the massive immigration program during the post-war years, Australians are finally coming to realise the presence of some 3,000,000 migrants in their community.<sup>62</sup> The governments, for instance, are beginning to set up separate institutions, allocate funds, create programs, and train personnel to meet this challenge. The next decade, as was implied in this paper, will see a massive diversion of resources into the development of ethnic cultures and communities. The social and political challenges will include the creation of mechanisms to accommodate the more articulate and dynamic migrant offsprings emerging out of the social and education programs which promote ethnic identities throughout the nation.<sup>63</sup> And without comparable institutional, social, and financial supports the Asian studies will naturally fade into the background. In fact it is hard to see how they could develop at all beyond the stage they reached in the late 1970s.

Indeed, Australians are only at the beginning of a long, troublesome, and unchartered road to come to terms with Asia. But, as Professor A.H. Johns asked in 1971,

if large immigrant communities with cultures and languages related to our own have made so little impact upon Australian intellectual life, and have contributed so little to our education system . . . if the presence of European cultures within Australia has contributed so little, what hope is there that anything will be gained from a study of Asia?<sup>64</sup>

In other words, it may be the case that only basic structural changes in the Australian society will facilitate a directed growth of Asian studies in this country. Defence, foreign policy, generational shift, trade and commerce, and educational reasons are certainly necessary; but they are not sufficient.

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<sup>62</sup> Galbally's *Report*, *op. cit.*, p.3

<sup>63</sup> W. Kasper, et. al., *Australia at the Crossroads: Our Choices to the Year 2000* (Sydney, Melbourne, Harcourt Brace Javanovich Group, 1980), pp.63-67; 172-73; and especially, p.243

<sup>64</sup> A.H. Johns, "The Educational Value of Asian Studies in Australian Schools", *op. cit.*, p.3



# A STUDY ON GOVERNMENT POLICIES ON URBAN POOR IN INDONESIA\*

Alfian LAINS

## 1. INTRODUCTION

Like in other most developing countries, past strategies for development in Indonesia have tended to emphasize economic growth without specifically considering the manner in which the benefit of growth are to be distributed.<sup>1</sup> Most economists during the past believed that “the trickle down mechanism” would work in the process of development. Unfortunately, however, many past development programmes have benefited only a small group of upper level of Indonesian people. Thus, the trickle down mechanism is not working as expected. Growth of GNP does not filter down, while what is needed at present is a direct attack on mass poverty.

Fortunately, various efforts to incorporate equity problems in national development plan had already began since the formulation and implementation of the First Five Year Development Plan (*Repelita I*) during 1969–1974. The Second Five Year Development Plan (*Repelita II*) of 1974–1979 was based upon *trilogi pembangunan* (development trilogy) consisted of (1) equal distribution of development and development achievements toward the creation of social justice for the entire people, (2) a sufficiently high rate economic growth, and (3) a sound and dynamic national stability. The Third Five Year Development Plan (*Repelita III*) for the period of 1979–1984 is continually based upon the development trilogy with more conspicuous emphasis on a more equitable distribution of

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\* Revised version of the author's paper entitled “Government Policies and Programmes with Particular Reference to Urban Poor in Indonesia” prepared for the Project Development Meeting on Urban Poor, Bangkok, 26-28 May, 1980.

<sup>1</sup> See the abortive Five-Year Development Plan of 1956-60 and the abandoned Eight-Year Development Plan of 1961-1969.

development and its proceeds leading to the materialization of social justice. This is expected to reduce the numbers of poor people in Indonesia.

Since a more serious effort to alleviate poverty has just been done consciously in recent years, it is not a surprise to find that there is no improvement in Gini ratio. Esmara reported that the Gini ratio were 0.3456 and 0.3460 in 1970 and 1976, respectively, for Indonesia as a whole. However, the Gini ratio increased from 0.3262 to 0.3680 in urban area and decreased from 0.3387 to 0.3043 in rural area of Indonesia during the same period.<sup>2</sup> When Java (including Madura) and the Outer Java are separately analyzed, the figures are not significantly different. In 1970, the Gini ratio was 0.3319 in urban area and 0.2977 in rural area of Java, while they were 0.3976 and 0.2955 in the corresponding areas in 1976, respectively. The index decreased from 0.3302 to 0.2979 in rural area and almost equal in urban area (0.3002 in 1970 and 0.3061 in 1976) of the Outer Java.<sup>3</sup>

About 80 percent of Indonesian people domicile in rural area. However, the extent of the urban poverty is no less significant than that of rural poverty. Sajogyo estimated that 43 percent of families in urban area and 52 percent in rural area of Indonesia were still poor in 1976.<sup>4</sup> Though the condition of the poor (the lowest four deciles) was better-off in Indonesia (as a whole) in 1976 than in 1970, the poor in urban area – notably those in Java and Madura – became worse-off during the same period, and there was no improvement in urban poverty condition in the Outer Java (see Table 1).

The numbers of urban poor are expected to increase gradually resulting from natural population growth and urbanization. Over the past few years, the urban population of Indonesia has increased at the relatively high rate of close to 3.5 percent per annum – nearly one and half the rate of the overall population growth of the country.

About half of these urban newcomers in developing countries will come from natural population growth and the rest from migration to the cities from rural areas. Most of these new city dwellers will be poor and

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2 Hendra Esmara, *Perkembangan Pembagian Pendapatan di Indonesia, 1967-76* (Trends in Income Distribution in Indonesia, 1967-76), Padang: Institute for Regional Economic Research, Department of Economics, Andalas University, 1978, pp. 61-75

3 *Ibid.*

4 Sajogyo, *Usaha Perbaikan Gizi* (Effort to Improve Nutrition), Bogor Institute of Agriculture, 1975. In addition, McNamara stated that urban poor in urban areas of developing countries are very significant. See, Robert S. McNamara, "Burdens of Third World Cities", *Insight*, October 1975

Table 1

INCOME SHARE OF THE LOWEST 4 DECILES IN INDONESIA BY REGION,  
1970 AND 1976 (%)

Region	Urban		Urban + Rural	
	1970	1976	1970	1976
Java—Madura (incl. Jakarta)	19.55	16.16	20.28	19.35
Java—Madura (excl. Jakarta)	20.33	18.05	20.86	21.04
Jakarta Raya	20.51	16.93	20.51	16.93
Outer Java	20.86	21.01	19.33	21.17
Indonesia	19.57	18.09	18.95	19.29

Source: Hendra Esmara, *Perkembangan Pembagian Pendapatan di Indonesia, 1967-76* (Trends in Income Distribution in Indonesia, 1967-76), Padang: Institute for Regional Economic Research, Department of Economics, Andalas University, 1978, Table 27, p. 63

unskilled. The resources available for accomodating this urban growth are, and will remain severely limited. The pressures on these cities and national government are already enourmous and, by and large, the developing countries are not ready — in terms of attitude, policies, management capacity, or ability to mobilize the financial and other resources required — for the task ahead.<sup>5</sup>

Though the rural development and family planning programme have been executed, the pace or scale of urbanization in the near future cannot be expected to decline. The present family planning is too late to affect the immediate future. Persons who will join the labor force every year up to the mid 1990s have already been born. Moreover, it is estimated that rural per capita income can be raised to a reasonable level only if the cities and towns can absorb and employ a substantial exodus of people from rural area, in addition to an unprecedented high growth rate of agricultural productivity. However, the heart of the problem of urbanization lies in the rising numbers of the urban poor. If a city's population is growing at twice the national rate, the poor — in their illegal, unserviced squatter settlements, underemployed in low productivity jobs — are typically growing at twice or three times the rate of the city's population as a whole.<sup>6</sup>

5 Edward Jaycox, "The Bank and Urban Poverty", *Finance and Development*, 15 : 3, September 1978, p. 10

6 *Ibid.*



In the context of rapid development of urbanization and limited availability resources, several policy measures and development programmes have been undertaken to improve urban situations. Of late, the emphasis in the programmes has been on the amelioration of the conditions of the urban poor. However, why was the situation of urban poor in Java worse-off and why had the situation of urban poor in the Outer Java no improvement during the past few years? To give the answer to such questions, a special study to evaluate the policies and programmes of urban development in Indonesia is needed. So far, there is no particular study which assesses the government policies and programmes with particular reference to urban poor in Indonesia. Therefore, such study is highly desirable. However, the purpose of this paper – in general – is to give an introduction to the intended study. More specifically, the objectives of this paper are (1) to identify the present government policies and programmes in Indonesia with particular reference to urban poor, (2) to show achievement of the programmes, and (3) to answer the question of how such study should be done.

## 2. GOVERNMENT POLICIES, PROGRAMMES AND PROJECTS WITH PARTICULAR REFERENCE TO URBAN POOR

Though the term “development trilogy” was formally introduced in *Repelita II*, it was also – principally – a base of *Repelita I*. However, the stress of each *Repelita* is different. A national stability was the main development strategy in *Repelita I* due to the existence of instability situation resulting from the abortive communist party coup in 1965. In *Repelita II*, a high economic growth was the main strategy. Then, the government concentrates on equity problems in *Repelita III*. Operationally, the equity problems will be solved through the so-called “eightfold path of equity” which consists of (1) equitable fulfilment of the basic necessities of the mass people, notably food, clothing and housing, (2) equitable opportunities to obtain education and health services, (3) equitable distribution of income, (4) equitable job opportunities, (5) equitable business opportunities, (6) equitable opportunities to participate in development, especially for the youth and for women, (7) equitable distribution of development over the whole country, and (8) equitable opportunities to obtain justice. Moreover, it is stated that every development program and project must guarantee the achievement of, at least, one of the eightfold path of equity. It is expected that the number of people below the poverty line will be reduced through executing the eightfold path of equity.

In order to distribute development and development achievements toward the creation of social justice for the entire people, the national and

regional development must have a harmonious relationship without neglecting the concept that the latter is an integral part of the former. Meanwhile, the urban development as a part of regional development is, of course, also an integral part of national development.

As far as the urban development (including the fostering of cities and towns) is concerned, the Guidelines of State Policy (*Garis-garis Besar Haluan Negara or GBHN*) mentions that it should consider more about a harmonious relationship between the urban area and its environment and the surrounding rural areas as well. The urban area should be developed in such a way that it becomes a center for "regional development". Thus, the developed urban area is expected to play an active and functional role in supporting the process of national and regional development. In this respect, the developed urban area will have an important role as a link between agricultural sector and non-agricultural sector. Put it differently, the developed and fostered cities and towns have also responsibilities to the development of hinterland economy they serve.

Moreover, the policies mention that the urban development should also signify improvement in (a) quality of life of the urban people, (b) government services to citizens, (c) capability of the local government servants, (d) standard of living of the urban people, and (e) employment opportunities.

To increase the life quality of urban people — particularly the urban poor — the habitat and its environment should be improved in such a way that they will have a healthy habitat and environment. Moreover, the local governments create a sound and favorable business climate in increasing the living standard and creating employment opportunities. The economic activities will be pushed through improvement in habitat conditions, scattering and developing the small and medium-scale labor intensive industries and developing the industrial zone at certain location. In creating the sound and favorable business climate, the business licenses will be made easier and procedures to get the licenses will also be simplified. In addition, the skills of the low income group will be improved through a set of projects in handicraft, business and credit facilities.

Furthermore, to increase the local government services to the urban poor, the quality and quantity of urban facilities will be improved, including water supply, garbage disposal facilities, drainage and sewerage system, communication, public utility transportation and other facilities. The improvement in capability of local government employees to achieve a better urban management will also be done through technical aid and



training programmes. The technical aid programme, change in experience among *kotamadyas* (municipalities) and other cities will be carried out regularly. Also, the operational capability of physical planning unit will be improved continually.<sup>7</sup>

To carry out the urban development policies mentioned above, several programmes are executed. These programmes are combined in an integrated urban development programme which is operationally executed through sectoral projects,<sup>8</sup> a set of *Inpres* projects,<sup>9</sup> Kampung (village) improvement project and cheap housing programme. The *Inpres* projects in urban area are financed by municipalities subsidies and specific development programmes as well as village subsidies from the central government. The municipality subsidies are designed to assist the urban area in expanding infrastructure and employment creation activities as well as to enlarge the participation of urban regions in the planning and execution of development project. However, the municipality *Inpres* projects give priorities to (1) rehabilitation, upgrading and new construction of roads and bridges, (2) rehabilitation, upgrading and new construction of irrigation facilities and flood controls, and (3) improvement in public utilities projects, such as sewerage and drainage systems, market places (not shopping centres) and *kampung* (village) streets. In addition, the projects must be the ones which increase employment and production in relatively short period and increase people participation in development activities. Also, the projects must not be the *gotong royong* (mutual self help) projects in the sense that all materials and labors should be paid appropriately.<sup>10</sup>

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7 The above portion of this section is taken and summarized from the *Repelita I, II and III* (the First, Second and Third Five-Year Development Plan) of the Republic of Indonesia, notably Book III for each *Repelita*.

8 Sectoral projects are national and provincial development projects financed by national and provincial development budget. These projects may be located in urban or rural area.

9 *Inpres* is an acronym for *Instruksi Presiden* or Presidential Instruction. In general, the *Inpres* projects consist of projects financed by development subsidies to provincial and other local governments and specific development subsidies from the central government. Local governments which receive subsidies from the central government are provincial, *kabupaten* (regency) and *kotamadya* (municipality) and village governments. In Indonesia, *kabupaten* and *kotamadya* are administrative units with the same level and just below the province. *Kabupaten* and *Kotamadya* comprise several *kecamatan*s. Thus, *kecamatan* is a lower administrative unit than *kabupaten* or *kotamadya*. Since a *kecamatan* consist of several villages, a village is the lowest administrative unit in Indonesia. Administratively, Indonesia consist of 27 provinces, 295 *kabupatens* and *kotamadyas*, 3,348 *kecamatan*s, and 45,587 villages.

10 The Republic of Indonesia, Department of Internal Affairs, *Program-program Bantuan*



Objectives of the specific development programmes are set up to give people and equitable access to basic needs such as elementary school buildings, health facilities (i.e. provision of medicine, health center buildings, and medical personnels), greening projects in replanting the critical areas, opening and improving market places (not shopping centers), and a set of credit facilities for small scale indigenous (*bumi-putra*) traders, small-scale investment credits and other facilities.<sup>11</sup>

The specific development programmes for urban area comprise (1) Elementary School *Inpres* (Inpres Sekolah Dasar) programmes aimed to expand elementary educational opportunities for those of 7 to 12 years old, (2) Health and Sanitation *Inpres* (Inpres Sarana Kesehatan) programmes with the purpose to give more equitable health service and sanitation facilities to the people and (3) Market *Inpres* (Inpres Pasar) programmes to rehabilitate and build market places (not shopping centers) for small-scale indigenous traders (retailers and wholesalers). Though the third programmes are assigned explicitly for *kabupatens* and municipalities and the province of Jakarta Raya as well, the first two programmes are not only assigned for urban area with low income group but also for rural area, transmigration area and the area of new settlement.

Moreover, the credit facilities for small-scale indigenous traders introduced in December 1973 are tended to create equal opportunities in business activities for them. Since most of the small-scale business units are labor intensive, the purpose of such credit facilities is also indirectly, to create more employment. There are two types of these credits provided by the government through the banks, namely *KIK* and *KMKP* credits.<sup>12</sup> These credits have softer conditions and easier procedures compared to the former ones (i.e., the investment credits or the medium and long-terms credits) introduced in 1969. The present credit system does not require a physical guarantee, instead the credit is provided based upon appropriateness of the corresponding business activity.

In line with small-scale characteristics of the credit, its maximum value is only 10 million rupiahs (equivalent to US\$ 16,000) for each business unit.<sup>13</sup> However, the value can be supplemented until 15 million

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*Pembangunan Daerah-Inpres* (Regional Development Subsidies Programmes-Inpres), Jakarta, March 1978

11 Hendra Esmara, "Planning for the Poor: the ASEAN Experience", paper prepared for the Fourth Annual Meeting of Federation of Economic Association, Manila, 6-8 December 1979

12 *KIK* is an acronym for *Kredit Investasi Kecil* (Small-Scale Investment Credit) while *KMKP* is an abbreviation for *Kredit Modal Kerja Permanen* (Permanent Working Capital Credit).

13 Rp. 625 = US\$ 1 at present while the rate was Rp 425 for one US dollar before November 15, 1978

rupiahs after terminating the first term if the corresponding business unit shows a sound improvement in its activities and repays the credit in time.<sup>14</sup>

Since all municipalities consist of several villages, it can also be considered that the village subsidies (*bantuan desa*) programmes financed by central and provincial governments as the measures to improve the condition of urban poor. The village subsidy, however, should be used to rehabilitate and develop infrastructure of the village with full participation of the village society in the form of *gotong royong* (self help). The central and provincial government do not give a full budget for the projects but only a stimulus to attract free labors to execute the projects in the corresponding village. During 1969/70-1974/75 every village received the subsidy to the amount of Rp 100,000 and Rp 200,000 in 1976/77, and since 1977/78 the amount has been increased to Rp 350,000.

Facing with the problems of housing in urban areas i.e., the condition of housing which is far below the basic needs requirement and aggravated by inappropriate environmental facilities, the KIP (Kampung Improvement Project) gives priorities for improvement of *kampung* streets, drainage and sewerage system, sanitation project, i.e., garbage disposal facilities, and drinking water supply. However, only selected cities — primarily the capital cities of the provinces — get the KIP and during the period of *Repelita I and II* only Jakarta Raya and Surabaya received the programme. In addition to national and provincial development budget, loan from abroad is another source of finance of the KIP — for instance the loan from IBRD and other international development banks/institutes.

Since ability of the local government employees in preparing, controlling and executing the KIP is limited, training programmes in preparing the plan, controlling the execution, and technical guidance are also included in the KIP.

### 3. ACHIEVEMENT AND IMPACT THE PROGRAMMES

The municipality development subsidy is given to a municipality on a per capita base. The more the population of a municipality the more the subsidies would be received. However, the per capita base increased almost every year and so did the municipality's population resulting from urbanization and natural population growth during 1970/71-1978/79. Thus, the municipality development subsidies increased steadily during the same period (see Table 2). Though the figures in Table 2 were not able

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14 Summarized from the Republic of Indonesia, Bank of Indonesia, *Ketentuan-Ketentuan Pokok tentang Kredit Investasi Kecil dan Kredit Modal Kerja Permanen* (Basic Regulations of KIK and KMKP Credit), no place and no date



Table 2

## MUNICIPALITY AND KABUPATEN DEVELOPMENT SUBSIDIES IN INDONESIA, 1971-1978/79

Fiscal	Subsidy (Million Rp.)	Per Capita base (Rp.)	Number of Projects (Unit)	Labor absorbed (man/100 days)*
1970/71	5,700	50	1,777	210,568
1971/72	5,823	75	2,390	302,612
1972/73	12,866	100	2,771	436,612
1973/74	19,208	150	2,798	533,737
1974/75	42,500	300	3,939	905,130
1975/76	59,072	400	4,259	1,017,131
1976/77	62,400	400	3,784	824,398
1977/78	69,070	450	3,784	771,295
1978/79	70,896	450	n.a.	n.a.

\* 100 days was an estimated period to make a project complete, and it was assumed that every labor worked continuously at the project during executing period of the project.

Source: The Republic of Indonesia-Minister of Internal Affairs, *Program-Program Bantuan Pembangunan Daerah-Inpres* (Regional Development Subsidies Programmes-Inpres), Jakarta, March 1973, Tables 2 and 2-1, pp. 30 and 31

to tell us the exact amount of the municipality development subsidies during the past two *Repelita* periods, experience of West Sumatra showed that 20 per cent of the total amount of *Kabupaten* and municipality development subsidies were given to municipality or urban area.<sup>15</sup>

In line with the increased number of projects and value of subsidies, the physical achievement of the programmes also increased, notably in transportation, irrigation and public utilities facilities. Based on an average outlay every year, Atar Sibero estimated that 70 percent of the subsidies spent on rehabilitation and development of transportation facilities while 15.5 percent of them went to irrigation facilities.<sup>16</sup> As a matter of fact, 395,000 kilometers of road and 146,199 units of bridge were rehabilitated and built during 1970/71-1977/78. In addition, 3,093,822 cube meters of dam, 4,736 km of irrigation canal, and 10,737 units of other irrigation facilities were rehabilitated and constructed during the same period. Physical achievement of other projects are presented in Table 3.

15 In West Sumatra, 19.9 percent and 18.5 percent of the total *kabupaten* and municipality development subsidies were given to municipalities during the period of *Repelita I* and *Repelita II*, respectively.

16 Atar Sibero, "Program Bantuan Pembangunan Kabupaten/Kotamadya" (Kabupaten and Municipality Development Subsidies Programmes), *Ekonomi dan Keuangan Indonesia*, 21 : 2, June 1973

Table 3

## PHYSICAL ACHIEVEMENT OF KABUPATEN AND MUNICIPALITY DEVELOPMENT SUBSIDIES IN INDONESIA, 1970/71-1977/78

Project	Achievement
Road	394,831 km
Bridge	146,199 m
Irrigation:    Dam	3,093,822 m <sup>3</sup>
Canal	4,736 km
Others	10,737 km
Market place	1,158,391 m <sup>2</sup>
Drainage and sewerage system	1,762 km
Flood Control	249,506 ha
Bus Station	303 unit
Greening project	211,841 ha
River harbor	141 unit
Other	33,756 unit/km

Source: See Table 2

One of the objectives of the *Inpres* project is to create employment, and thus the project must be a labor intensive one. Table 2 also reported the number of labors absorbed by the *kabupaten* and municipality *Inpres* projects. Though the number of absorbed labors was far below the number of unemployed people during the same period, the programmes had successfully created the jobs for plenty people.<sup>17</sup> It should be noted again that the figures were not only for municipalities but also for *kabupatens*. In addition, it is better to mention that there were also plenty people absorbed indirectly by the projects during the same period, such as those who sold food and beverage at the places around the projects, and those who broke stone and collected sand from the rivers needed by transportation, irrigation and other projects, etc. Unfortunately, however, there was none of the previous studies so far estimated their numbers.

Regarding the specific development subsidies programmes, there were no specific data available for urban area. The figures in Table 4 were not only for urban area but also for rural area, including transmigration area and the area of new settlement. However, 60 percent — on the average — of the market *Inpres* programmes went to municipalities/urban areas in West Sumatra during the period of *Repelita II* (1974/75-1978/79) and 15 percent of elementary school *Inpres* as well as health and sanitation *Inpres*

17 Unemployment rate in Indonesia was about 4 percent during 1976-79. In absolute number, the unemployed persons were 2.04 million, on the average, during the same period. See, Hendra Esmara, *op. cit.*, Table 7, p. 27



Table 4

SPECIFIC DEVELOPMENT INPRES PROGRAMMES IN INDONESIA 1973/74-1978/79							
Project	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	
<i>Elementary School</i>							
<i>Inpres</i>							
Fund (Million Rp)	15,815	16,695	47,177	53,877	82,550	108,552.5	
Unit: New	5,886	6,114	10,000	10,001	15,000	20,000	
Rehabilitation	—	—	10,000	16,000	15,000	15,000	
<i>Health and Sanitation</i>							
<i>Inpres<sup>a/</sup></i>							
Fund (Million Rp)							
Medicine	—	—	6,670	8,863	8,956	9,876	
Other		5,545	7,729	8,394	8,316	9,406	
Unit		500	500	350	24	300	
New Health Center							
Rehabilitation of							
Health Center		—	1,500	823	750	213	
Pipe Water Reservoir		96	146	150	150	150	
Rain Water Reservoir		163	445	500	500	500	
Artesian Well		33	50	25	30	50	
Pump Well		10,127	14,199	14,175	19,181	27,000	
Family Lavatory		150,000	300,000	200,000	200,000	200,000	
Spring Protection		81	160	150	200	200	
House of the Doctor		—	—	705	600	338	
<i>Market Inpres<sup>b/</sup></i>							
Fund (Million Rp)				20,000	25,000	30,000	
Unit				369	n.a.	n.a.	

a/ Started 1974/75; b/ Started 1976/77; — there is no project

Source: See Table 2

programmes assigned to municipalities/urban areas there during the periods of *Repelita I* and *Repelita II*.

The KIK and KMKP credits are supplied to those whose business activities engage either in agriculture, industry, trade, or transportation and others. However, the share of agricultural sector in total value of the credits increased every year during 1974-78 (see Table 5). Trade sector was second only to the agricultural sector. Assuming that all sectors, except agricultural sector, located in urban area, more than 50 percent of total value of the credit were provided to urban area. The national data were supported by the figures in West Sumatra where 53 percent and 79 percent of total value of the KIK and KMKP credits channeled to urban area in 1974 and 1978, respectively.<sup>18</sup> In addition, the figures presented in Table 6 show that the number of bank relationships who got the KIK and KMKP credits were quite plenty and thus the approved credits were really small-scale in character.

The KIK and KMKP programmes, of course, affect the urban poor indirectly through creating employment for them. In the case of West Sumatra, the KIK credit was used to buy new machines and equipment (33 percent), to replace the existing old equipments and building (28 percent) and only 15 percent was used to develop new activities (including to buy land sites). On the other hand, 88 percent of the KMKP credit was used to buy raw materials. Employment effect of the programmes was relatively high in West Sumatra. In urban area of West Sumatra, the number of workers (excluding unpaid family labors) of the business units increased by 50 percent after receiving the KIK or KMKP credit.<sup>19</sup>

#### 4. PROPOSED STUDY

The proposed study which will assess the government policies and programmes with particular reference to urban poor would have specific objectives to answer the following questions:

- (1) How far the current policies and programmes to develop urban area are relevant to the problems of urban poverty?
- (2) Who are the beneficiaries (direct and indirect) of such programmes?
- (3) What are the secondary effects that follow the first stage achievement of the programmes?

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18 Institute for Regional Economic Research, Department of Economics Andalas University, *Pengaruh Sosial Ekonomi Program KIK/KMKP di Sumatera Barat* (Social Economic Effect of the KIK/KMKP Programmes in West Sumatra), a research report, Padang, 1979, p. 2

19 *Ibid.*



Table 5

## APPROVED KIK AND KMKP CREDITS IN INDONESIA BY SECTOR UNTIL DECEMBER 1978

Period	Agriculture		Industry		Trade		Transportation		Other		Total	
	M Rp.	%	M Rp.	%	M Rp.	%	M Rp.	%	M Rp.	%	M Rp.	%
Dec. 1974	6,410	20.8	9,689	31.5	8,635	28.1	4,531	14.7	1,490	4.9	30,755	100
Dec. 1975	13,876	24.4	15,118	26.6	17,563	30.9	7,740	13.6	3,483	4.4	56,780	100
Dec. 1976	33,538	28.7	24,364	20.9	38,349	32.9	15,351	13.2	5,080	4.4	116,682	100
Dec. 1977	63,568	33.6	32,617	17.2	60,662	32.1	24,278	12.8	8,051	4.3	189,176	100
Dec. 1978	119,151	42.1	39,655	14.0	81,120	28.7	30,686	10.8	12,428	4.4	283,040	100

Source: The Republic of Indonesia — Bank of Indonesia, *Kelentuan-Kelentuan Pokok tentang Kredit Investasi Kecil dan Kredit Modal Kerja Permanen* (Basic Regulations of KIK and KMKP Credit), no date, p. 23

Table 6

## BANK RELATIONSHIPS WHO GOT KIK AND KMKP CREDITS IN INDONESIA BY SECTOR UNTIL DECEMBER 1978

Period	Agriculture		Industry		Trade		Transportation		Other		Total	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Dec. 1974	9,632	40.0	6,295	26.1	5,805	24.1	1,659	6.9	687	2.9	24,078	100
Dec. 1975	16,074	39.4	9,555	23.4	11,267	27.6	2,728	6.7	1,163	2.9	40,787	100
Dec. 1976	149,295	77.0	14,530	7.5	22,736	11.7	5,282	2.7	2,133	1.1	193,976	100
Dec. 1977	297,550	82.2	18,402	5.1	34,704	9.6	8,351	2.3	3,121	0.9	362,128	100
Dec. 1978	393,766	82.8	21,431	4.5	45,017	9.5	10,592	2.2	4,659	1.0	475,465	100

Source: See Table 5, p. 24

- (4) What are the financial and operational problems in executing and managing the programmes, including the problem of human resources and how far in actuality the programmes are integrated in an integrated urban development programme?

The study would be divided into two phases. In the first phase, it would be based on literature. Existing materials and previous studies carried out by other scholars and international agencies pertinent to the topic. In order to know exactly the problems in executing and managing the programmes, interview and discussions with selected city governments and implementing agencies would be done. However, a list of available materials should be made first, and those which are not available at the participating institute yet could be ordered. As far as possible, the leading institute would provide such materials, particularly the reports of international agencies. If possible, exchange on materials and ideas among participating institutes is suggested. However, it would be better if each participating institute could send the corresponding materials to others voluntarily.

In conducting interview and discussions with selected city governments and implementing agencies, two cities – at least – should be selected. One must be a big city and another one should be a small city due to the fact that the problem of poverty itself and the problems in executing and managing the programmes are different between the two cities. Even the impact of the programmes is also different in both cities.

Selected topics to be discussed in the first phase of the study are:

- (1) Identification of urban area.
- (2) Identification of the poor in urban area.
- (3) Situation of urban poverty.
- (4) Current policies and programmes pertinent to urban poor.
- (5) Achievement and impact of the programmes.
- (6) Identification of beneficiaries of the programmes.
- (7) Identification of benefit incidence of the programmes, including their secondary effects.
- (8) Identification of problems in executing and managing the programmes.

The second phase of the study would consist of in-depth evaluation on selected aspects of selected programmes in selected cities. Case studies of selected cities are preferable and a sample survey of households/beneficiaries would support the case studies. The topics to be discussed in more detail in the second phase of the study are related to the last four topics mentioned above.

Like in the first phase of the study, two cities (one is the big city and



another one is the small city) would be selected. In the case of Indonesia, one city must be located in Java and the other one should be in the Outer Java.<sup>20</sup> Due to time and fund constraints, the small city to be selected is the municipality of Padang in West Sumatra. Aside from domicile of the participating institute from Indonesia (i.e. the Institute for Regional Economic Research, Department of Economics Andalas University), Padang is selected by holding the assumption that it could be considered to represent the small cities in Indonesia, particularly those in the Outer Islands. The big city to be chosen is the largest city (i.e. Jakarta Raya) or the second largest city (i.e. the municipality of Surabaya) in Indonesia. Jakarta Raya or Surabaya could be assumed to represent the big cities in Indonesia, notably those in Java.

As far as the households/beneficiaries survey is concerned, the sampling method designed to be used should ensure that the selected households are sufficiently spread in the city. Hence, a multistage sampling design should be used for the selection of the households. Since a city in Indonesia also comprises rural and urban areas, only households in the urban area should be selected. In the first stage several *kecamatan*s are selected with probability proportional to population size. Then, several urban villages in selected *kecamatan*s are selected also with probability proportional to population size. Lastly, each village sample is divided into clusters of households in order to escape from double counting of one household and also to facilitate replacement of one household sample which does not exist anymore during the survey period with another one. The cluster of households is constructed from two or three Census Blocks in such a way that the number of households in one cluster is not quite different from the others.

After determining the sample size of households,<sup>21</sup> the household samples are distributed among the selected urban villages based on population size. Thus, the more the population of a village sample the more the household samples would be there. The number of selected households in one household cluster would depend upon the number of selected households in the corresponding village. The household sample is selected randomly from the available list of households in the household cluster.

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20 In Indonesia, Java and Bali are usually called the Inner Islands, while the rest of Indonesian Islands are called the Outer Islands.

21 To determine the sample size, see Taro Yamane; *Statistics-An Introductory Analysis*, New York: Harper & Row Publisher, 1973, pp. 205-207

# THE JUDICIAL SYSTEM OF INDONESIA

R. SUBEKTI

## I. LEGAL FOUNDATION AND ORGANIZATION OF COURTS OF JUSTICE

Article 24 of the Constitution stipulates that judicial powers are vested in the hands of a Supreme Court and other judiciary bodies established by law. The official explanation of the Article clearly shows that the purpose of the Article is to create the foundation for an independent judicature as one of the pillars of a democratic state based on the rule of law.

The Supreme Court stands at the apex of this independent complex of state organs which consists of all the courts of justice throughout the country.

At the present time, there are in Indonesia four branches of the judicature:

- a. general courts of justice,
- b. religious courts of justice,
- c. military courts of justice,
- d. government administrative courts of justice.

The courts falling within the general judicature try criminal and civil cases in which any person within the territory of the State is involved. The courts falling within the religious judicature try civil cases in which the disputing parties are persons of the Islam faith and which, according to living reality in the field of law, concern matters that should be judged according to the tenets of the law of the Islam Religion (Marital affairs and, in some regions outside Java, inheritance affairs).

The courts falling within the military judicature try criminal cases where the accused is a member of the Armed Forces. The courts falling within the government administrative judicature try cases in which someone brings an action against the Government for infringement of the law

or misuse of powers by a state organ or a government organ resulting in losses for the person concerned.

During the Dutch colonial era, the judicature suffered from a dualism because there were two categories of law courts: the European courts which tried cases where the accused was a European or, in civil cases, where the person against whom the action was brought was a European or a Chinese, and the Indonesian courts which tried cases where the accused or the person against whom the action was brought was a native Indonesian.

The stipulation that Chinese persons were sued in the courts of justice set up to try Europeans came about because of the fact that practically the entire European civil code had been made applicable to Chinese.

This dualism which was based upon a discrimination between Europeans and Indonesians was brought to an end by the Japanese Army during its occupation of this country.

The general courts of justice run by the Dutch during colonial times were not established in all parts of the country, because in many regions the people were "left to enjoy their own justice". In such regions, law was administered by "native courts" which were also known as "customary law courts".

These courts had existed in Indonesian society since ancient times and were run by the village elders. But after the Dutch East Indies Government came into being, they were placed under the control of a local government official of Dutch nationality (known as a "controleur").

In this way, the Dutch sought to run their administration in Indonesia at the lowest possible costs because Dutch interests in the regions in question (most of which lay outside Java) were still very limited.

The Indonesian Government, being obliged by the Constitution to set up an independent judicature, enacted Law No. 1 1951 which brought about uniformity among courts of justice throughout the whole country. Among other things, this Law abolished the customary law courts referred to above.

The following is a description of the structure of the courts of justice in each of the four branches of the judicature mentioned above:

#### a. The General Judicature

The court of first instance is called *Pengadilan Negeri* or District Court. There is a District Court in every *kabupaten*, the second level of regional government, standing below the province. It is competent to try



all criminal and civil cases, from the most trivial to the most severe. With the exception of misdemeanours, all hearings take place before three judges, including the chairman, assisted by a court clerk; in the case of misdemeanours, only one judge officiates. All court hearings to examine a criminal case are attended by a public prosecutor with the exception of misdemeanours which are brought straight up to court by the police. There are in all 262 District Courts in Indonesia.

In the case of a verdict passed by a District Court in a criminal trial where possible punishment exceeds three months imprisonment (a "felony") or where in a civil action the damages may exceed Rp. 2,500,— the verdict can be contested and a retrial demanded. The *Pengadilan Tinggi* or High Court, as the court of appeal, is competent to hear retrials. There is a plan for the establishment of High Courts in every province (the first level of regional government) but as yet only 16 High Courts have been set up; the total number of provinces is 25.

Generally speaking, the High Court confines its hearing to re-examination of the documents of the first trial. The Court hearing takes place before three judges, including the chairman, and one court clerk to assist.

The verdict of a High Court may be contested by taking the matter to the Supreme Court, this is called "kasasi" or cassation. Cassation hearings only concern themselves with the legal aspects of a case. The purpose of cassation is only to examine whether the lower courts have in any way infringed the law or have applied the law erroneously. The cassation court may not concern itself with the facts of the case nor may it pass judgement on the evidence produced. Hence as far as the facts of the case and the evidence is concerned, the High Court's hearing is final.

Cassation originates from France. The original purpose was to maintain uniformity in interpretation of the law. It reached Indonesia via the Netherlands. Now its function here is to ensure uniform application of the law.

In a cassation hearing the Supreme Court is composed of at least three justices including the chief justice of the Supreme Court or in his absence the presiding justice, with a clerk in assistance.

The Supreme Court also supervises legal processes throughout the country and exerts control over the activities of the judges.

The establishment of general courts of justice throughout the whole country following the abolition of the "native courts" and the process of removing from these courts the personnel on loan from the regional government (during the Dutch colonial period, misdemeanours had been

tried by controllers who were Dutch officials while, moreover the members of the District Courts were retired Dutch officials) imposed a heavy burden on the Indonesian Government. Formerly, the Dutch had run the courts with a total of no more than 500 judges for the whole country. But now, the plans drawn up by the Indonesian Government will require about 6,000 judges and assistant judges, of which number there are as yet only 3,000. There is a particularly pressing need for law graduates to take up appointments as judges in the regions outside Java.

#### b. The Religious Judicature

Side by side with every District Court there is in all places a religious court. In Java, these religious courts are called Rad Agama and elsewhere are known as Syariat. These Courts are run by persons who have an expert knowledge of Islam Law and who are appointed by the Minister of Religious Affairs. In fact, technically and organisationally, these courts fall under the supervision of the Minister of Religious Affairs. Verdicts are passed by a panel of three judges.

In Java there is a court of appeal, the Islam High Court which has its seat in Solo, Central Java, but elsewhere there are no courts of appeal which means that the verdicts passed by the religious court as the court of first instance are final.

Verdicts passed by a Religious Court may only be put into operation after having been granted a fiat of execution by the local State Court.

#### c. The Military Judicature

The Military courts are set up by each of the four branches of the Armed Forces:

- the Army
- the Navy,
- the Air Force,
- the Police Force.<sup>1</sup>

Justice is administered in two stages: the court of first instance and the court of appeal.

The judges are military officers who are law experts, and the courts hold hearings under a panel of three judges.

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<sup>1</sup> There is now only one kind of military courts, set up by the Ministry of Defence having jurisdiction over members of all armed forces.

When these military courts were first established, the Armed Forces borrowed judges from the civilian courts who were granted titular military ranks, but now the military courts have enough personnel of their own because the Armed Forces now have enough officers with legal training.

Besides the ordinary military courts with normal powers and composition, there are also special military courts set up to meet emergency requirements, such as for instance to try leaders of rebellions.

#### d. The Government Administrative Judicature

This branch of the judicature is still modest in nature because there are as yet only courts to deal with taxation affairs and land reform.

The Taxation Review Board which has its seat in Jakarta examines and adopts decisions in cases where complaints are lodged against the Government that the Taxation Office has been guilty of excessive or arbitrary tax assessment. This Board is composed of persons from various walks of life: judges, senior officials of the Department of Finance, prominent businessmen and the like. The decisions adopted by this Board are final and uncontestable.

The Regional Land Reform Courts function as courts of the first instance to hear cases where a complaint is lodged against a Land Reform Committee for doing something in contravention of the law or of norms of justice. The Regional Land Reform Courts have been established in those kabupaten (second level regional government) capitals where there are a considerable number of land reform problems.

Decisions of a Land Reform Court may be contested by making an appeal to the Central Land Reform Court (there is only one such Central Court) in Jakarta.

The Chairman of the local District Court is also chairman of the regional Land Reform Court and the members of the land reform court consist of representatives of political parties and mass organizations who are appointed jointly by the Minister of Justice and the Minister of Agrarian Affairs on the basis of nominations made by the political parties and mass organizations in question.

The central Land Reform Court is composed of a member of the Supreme Court as chairman while the members are composed of officials of the Department of Agrarian Affairs and prominent figures from the



political parties and mass organizations who are appointed according to the procedure mentioned above.<sup>2</sup>

## II. THE FUNCTIONING OF THE JUDICATURE (Special Features of Legal Procedures in Indonesia)

The legal procedures employed by the District Courts are laid down in a regulation which was inherited from the Dutch East Indies Government. This regulation which is called *Reglemen Indonesia* as amended was enacted in 1848 and stipulates the legal procedures to be used in both criminal as well as civil cases. The words "as amended" refers to the formation of an independent Public Prosecutor's Office in 1941. Before that time, the Public Prosecution for Indonesians ("native inhabitants") was not an independent body; it was subordinated to a Dutch official known as the "assistent resident".

The civil law procedures now employed in the District Courts differ from the civil law procedures that were employed in the special courts for Europeans (the "Raad van Justitie" of Dutch colonial days) and from the procedures employed in the more advanced states. Briefly they are distinguished by the following characteristics:

- a. there is no obligation to employ a solicitor or an attorney;
- b. a claim is filed in the form of a request addressed to the Chairman of the Court to bring the defendant before Court;
- c. the judge is under obligation to strive for a peaceful settlement before investigations commence;
- d. Investigations are generally carried out orally, and even though the disputing parties confer powers upon others to represent them, the judge is always entitled to order them to appear in person;
- e. the judge does not play a passive role and he is empowered to give directives to the disputing parties regarding the evidence and the legal resources that are open to them during a hearing;
- f. execution of the verdict which carries out the request of the successful party also takes place under the supervision of the Chairman of the Court.

The criminal law procedures employed by the District Courts at the present time can briefly be described as follows:

1. There are three ways of bringing a case up before court:
  - a. with a written indictment (this is the normal procedure);

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<sup>2</sup> By Act of 1970 No. 7 the Land Reform Courts are abolished. Cases of land reform are now falling under the jurisdiction of the District Court.

- b. the prosecution brings the accused straight before court and hands over the documents of the case to the judge; in this case, it is not till the matter comes up before the court that the accused is orally informed by the judge the charges made against him. This is called "summary procedure" and it is employed in cases which the prosecution considers "straight forward" both as regards the evidence and the legal aspects and where the prosecution estimates that the punishment to be imposed will not exceed three years imprisonment;
  - c. the accused is brought up before court by the police and there is no public prosecutor.
2. Before a case is handed over to the court, detention of the accused takes place on the orders and on the responsibility of the public prosecutor, though the judge may exercise control because applications must be made to the judge for every prolongation of detention. The conditions for placing a person under detention are regulated by law which generally speaking specifies that a person may be detained if the crime of which he is accused is liable to a punishment of more than five years and if there is any reason to fear that the accused may try to flee or may repeat the crime.
  3. The accused may only request the assistance of an attorney or defence counsel when his case has been submitted to the judge. There is according to the law no possibility of obtaining a defence counsel free of charge except in cases where there is a possibility of death sentence being passed. However, institutions for legal aid, set up everywhere in the country by practising lawyers and faculties of law, are playing an active role in rendering legal aid free of charge to the poor.
  4. Execution of the sentence is the task of the public prosecutor's office without any supervision on the part of the judge. A death sentence may not be executed until the Head of State has been given the opportunity to grant a pardon.

### III. EFFORTS TO IMPROVE AND MODERNISE INDONESIA'S JUDICATURE

At present the task of making an improvement in the government administrative judicature represents one of the most pressing aspects of a government programme to reform the laws regulating judiciary affairs. As has already been pointed out, the administrative courts as they are constituted so far are still very modest and they only deal with taxation and land reform.

According to the Basic Law on Judicial Powers (Act No. 14 1970), the

Supreme Court which only undertakes cassation hearings of cases in which the verdict was passed by a court of justice falling within the general judicature, will henceforth make cassation investigations in the case of verdicts by courts in the other branches of the judicature (the religious courts, military courts and administrative courts). But this new system has up to this very moment not yet been put into practice. In the case of the religious courts outside Java, courts of appeal need to be established, whilst as regards — the administrative courts, the first thing that must be done is to make improvements by having courts that deal with all aspects of governmental activity; and furthermore, the status of the courts needs to be raised so that a direct link can be established with the Supreme Court as the Court of Cassation.

Indeed, if Indonesia is to be a state based on the rule of law as stipulated in the Constitution, immediate steps must be taken to make the administrative judicature all embracing and well-run. In the framework of upholding the “rule of law”, the formation of administrative courts of Justice must have top priority. The people must be able to feel that the Government and the organs of states have to comply with the law.

A Draft Law on Administrative Court has long since been in the making; this draft envisages the establishment of administrative courts in every provincial capital. The Chairman of the local District Court would function as chairman of the administrative court whilst the members would consist of local government officials and members of the Provincial People’s Representative Assembly.

The legal procedures to be employed will be the same as those employed in the District Courts. The Draft Law guarantees the right of appeal to a High Administrative Court in Jakarta whilst the possibility of cassation hearing at the Supreme Court is also provided for.

One question which is often being debated is that of granting powers to the Supreme Court to annul laws that contravene the Constitution (unconstitutional laws). Some hold the opinion that these powers should be granted to the Supreme Court while others maintain that such powers should be granted to a Court of the Constitution and not to the Supreme Court. It is generally agreed that since such powers are not granted by Constitution, they would have to be granted by the People’s Consultative Congress; it would not be possible to do this by means of an Act of Parliament. As the situation now is, the Basic Law on Judicial Powers (section 26) gives the Supreme Court only the power to declare void any regulation of a lower rank than an Act of Parliament for being in contravention to a regulation of a higher rank. There are also moves to transfer the administrative, organizational affairs of the general courts of justice from the hands of the Minister of Justice to the hands of the Supreme Court.



As regards reforms of legal procedures, the priority is given to criminal legal procedure. The most pressing reform called for is that the accused should be given the opportunity to engage the assistance of a legal adviser or defence counsel during the pre-trial investigations, that is to say, before the case is submitted to the court; and furthermore, it should be possible to sue a prosecutor for damages if he deliberately detains a person without reason. Also provisions for rehabilitation of such person are needed.

The Draft Law on Criminal Legal Procedure (which is now awaiting parliamentary approval) also makes provisions regarding the reconsideration of a court verdict which has already become irrevocable should there be any evidence that the judge has been guilty of negligence (the right of review).

The drafting of a law on civil legal procedure has been put aside for the time being, pending the enactment of a law on the status of attorneys. This latter is still rather a difficult matter in view of the fact that it has long since been a practice to permit persons who are not lawyers to defend a case.

#### IV. OTHER WAYS OF SETTLING DISPUTES

One way of settling disputes is by means of arbitration. Generally speaking, the decision of the arbitrator is final. If the amount of damages is Rp. 25.000 or more, appeal can be made to the Supreme Court unless the contract in question excludes this possibility; in fact this is generally the case because arbitration is resorted to as a way to obtain a speedy decision.

The settlement of disputes by means of arbitration, was since long a wellknown practice in Indonesia. The Code of Civil Procedure, in force as from the year 1849, contains provisions on arbitration and the execution of arbitral awards, while the Act on the Supreme Court of 1950 contains provisions for the appeal against such awards. However institutionalized arbitration has just come into being on the 3rd December 1977, when, at the initiative of the Indonesian Chamber of Commerce and Industry, the Indonesian National Board of Arbitration was established. This is a body set up to render service to the public, especially the business world, for the formation of an arbitral tribunal to settle disputes arising from contracts in the field of commerce, industry and finances. The Board, popular under the name of BANI (abbreviation of "Badan Arbitrase Nasional Indonesia") the Indonesian name of the Board, is composed of a Chairman, a Vice-Chairman, three members and a Secretary. It entertains a list of Arbitrators consisting of persons of high knowledge and integrity, such as retired Justices of the Supreme Court, law professors, experts in finances

and other prominent persons. In the exercising of its function, the Board is independent (autonomous) and may not be intervened by any other body or authority. The Indonesian National Board of Arbitration is at this very moment the only permanent arbitration institution which renders service for the settling of disputes, both of a national as well as of an international character.

It takes normally an average of six months for each instance to settle a case through the courts (having resort to legal channels) which means that if the case goes on up the cassation stage, a period of one year and six months will be needed to obtain an irrevocable verdict. This is far too long for the interested parties, and does not include the expenses and time needed in connection with the execution of a verdict. Hence, in many cases, especially where the two parties employ the services of an attorney, a peaceful settlement is worked out.

In the villages, the village officials frequently strive to bring about an amicable settlement. And, as we have already seen, the judge in the court of first instance is bound by law to endeavour to bring about an amicable settlement before commencing investigations of the case. A settlement reached in court has the same validity as an irrevocable court verdict.

The expenses of a case are relatively very low indeed; they must be paid in advance by the plaintiff, and if he wins the case, they will be borne by the defence (the losing side). These costs consist of the following: a very low administration levy (only a few rupiahs), stamp duty because the verdict will have to be written on stamp duty paper, and the charges involved in issuing summonses to the disputing parties and in notifying them of the verdict. Thus, the costs of a case do not depend on the value of the goods or the sum of money in dispute. The costs of a case are now on an average Rp. 5.000,— for the first instance and Rp. 2.000,— for the appeal and for cassation, even though the case may involve millions of rupiahs.

The delays in settling a case are usually caused by delays in drawing up the verdict and the proces-verbal of the court sessions. The law specifies that if a request for appeal is made, the documents of the case must be sent to the High Court within five weeks at the most, and if cassation is requested, these documents must be submitted to the Supreme Court within one month at the most; however, since there are no sanctions imposed in such matters, the dispatch of documents is frequently late. Since the method of arbitration is only seldom used, the settlement of a dispute through the courts is practically the only way of reaching a final settlement.

The delays that occur in the settlement of cases can be reduced if the Supreme Court intensifies its supervisory activities by cautioning the judges of the lower courts and, if necessary, imposing administrative sanctions against those judges who ignore such warnings.

# THE NEED FOR NUCLEAR ENERGY IN INDONESIA\*

Budi SUDARSONO

## INDONESIA'S ENERGY PROBLEMS

Aside from the usual development problems being faced by developing countries, such as lack of knowhow, skill and capital associated with low income levels, and hence also low energy consumption levels, Indonesia's energy problems may be said to arise from the following:

### 1. *Population Distribution*

The population distribution is highly uneven; 67% live in Java, whose area is only 7% of Indonesia's land surface area. This has been due to the rich and fertile volcanic soil of Java, making it a target for colonial exploitation. Energy demand is therefore concentrated in Java. (See Table 1)

Table 1

END-YEAR POPULATION OF INDONESIA (millions)			
	1975	1985	2000
Java — Madura	83	99	120
The Rest	49	64	89
Indonesia	132	163	209

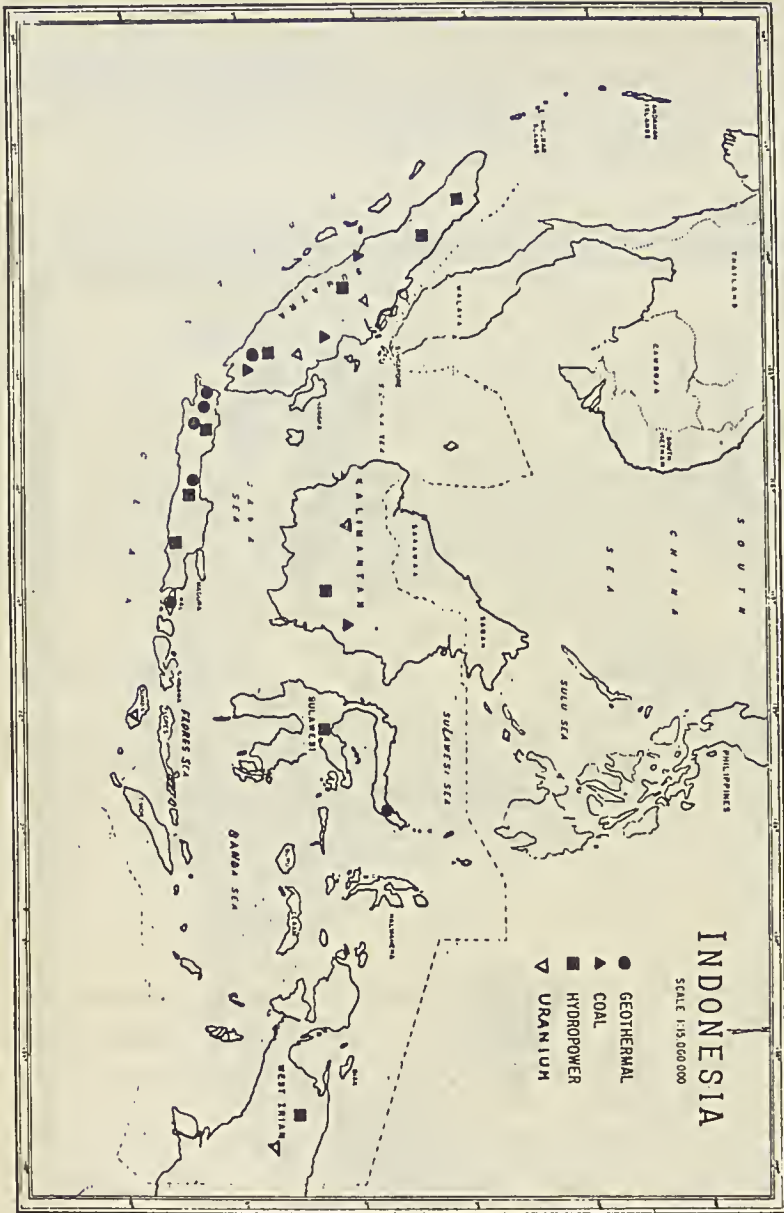
Source: Ref. 1

\* Presented at the Seminar on the Future of Large-Scale Energy Systems, The East West Center, Honolulu, September 17-21, 1979





FIGURE 2



### 3. Rapid Increase in Commercial Energy Consumption

In the past decade the rate of increase in energy consumption has been about 12.5%/year; electricity production by the state utility has been increasing at about the same average rate, while if captive power production is included the rate has been estimated to be around 20%/year (at least, this has been the case for a few years). (See Table 2)

Table 2

## CAPTIVE POWER INSTALLED CAPACITY (MN)

1971	1972	1973	1974	1975	1976
294	412	576	749	1300	1572

*Note:* The latest data shows 1760 MW (June 1979)

#### 4. Reliance on Oil

84–88% of commercial energy consumption is in the form of oil, but since the 1973 oil crisis oil has also been the principal foreign exchange earner (70%) as well as the principal source of government revenue (50–55%). Oil is therefore the 'engine of growth'. But the rapid rate of increase in energy consumption and the relatively lower average rate of increase in oil production (currently negative) means that it will be increasingly difficult to increase export volumes. Diversification is therefore a prudent policy to be pursued and, in view of the long lead times, an urgent one.

Another form of energy which has been relied upon is wood for household consumption in rural areas. This has a significant impact on the environment in Java, while outside Java there is abundant but unutilized logging waste.

### LONG-TERM PROSPECTS

Studies on Indonesia's long-term economic growth perspectives have been carried out by a team from LEKNAS-LPEM headed by M. Arsyad Anwar under the auspices of Prof. Sumitro, Minister for Research in the 1973–1978 Cabinet. The economy is envisaged to develop according to the growth and pattern shown in Tables 3 and 4.

Table 3

## GROSS DOMESTIC PRODUCT, TOTAL AND PER CAPITA 1975–2000

	1975	1985	2000
Gross Domestic Product *)	7,631	14,835	44,046
Mid-year Population, millions	131	163	209
GDP per capita, const. 1973 Rp	58,440	91,574	211,760
GDP per capita, const. 1973 \$	141	221	510

\*) Billion Rupiahs, constant 1973 prices



Table 4

## GDP COMPOSITION, CONSTANT 1973 PRICES (in %)

	1975	1985	2000
I. <i>Primary Sectors</i>	47.7	38.6	25.7
1. Agriculture	36.8	28.4	18.8
2. Mining	10.9	10.2	6.9
II. <i>Secondary Sectors</i>	15.9	22.0	30.7
3. Industry & Manufacturing	11.1	16.6	24.9
4. Construction	4.8	5.5	5.9
III. <i>Tertiary Sectors</i>	36.4	39.3	43.7
5. Transport and Communications	4.0	5.2	6.8
6. Others *)	32.5	34.1	36.9

\*) Education, Health, Government, Utilities, Trade, Banking, etc.

Source: for Tables 3 and 4: Ref. 1

The perspective was obtained through evaluations of the three principal economic sectors: agriculture, mining and industry & manufacturing; the contributions of the other sectors were obtained by using elasticities with respect to the three. The current Five-Year Plan, Repelita III, 1979–1984, envisage a growth rate of 6.5% p.a. compared with the normative projection of 6.9% p.a. for 1975–1985 obtained in the above-mentioned study.

It is interesting to note the role of energy in future exports, showing the still dominant role as a foreign exchange earner (See Table 5). Oil production is foreseen to continue to rise: reaching 1.8 MBD by 1985 and 2.8 MBD by 2000 from the current level of about 1.6 MBD.

Table 5

PROJECTIONS OF EXPORTS, INCLUDING NET ENERGY  
in millions US\$ (current)

	1975	1985	2000
I. <i>Non-Energy</i>	1,801	8,672	45,439
A. Agricultural & Industrial Products	1,513	6,926	37,667
B. Non-Energy Minerals	288	1,762	7,772
II. <i>Energy minerals (net)</i>	2,927	7,785	13,470
<i>Total Exports</i>	4,728	16,457	58,909

Source: Ref. 2

Projections of energy consumption may be made to accompany the long-term growth perspective, using appropriate assumptions of economic growth and income elasticities. Some results are shown in Table 6, showing a wide range; the 'most probable' figure for year 2000 commercial energy consumption is commonly believed to be 200 million TCE.

Table 6

## PROJECTED ENERGY CONSUMPTION IN 2000 (million TCE)

		<i>Low</i>	<i>Medium</i>	<i>High</i>
Energy Resources Technical Committee		175	190	220
Present Author *):				
Initial elasticity	1.5	177	204	236
	1.6	201	235	274
	1.7	229	270	318

\*) a. Initial year, 1978, energy consumption: 29.6 million TCE

b. Gross energy income elasticity decreasing by 0.01 p.a.

c. Economic growth: 6%, 6.5% and 7% p.a.

Current commercial energy consumption is more or less evenly divided between the three main end-use sectors: household, transportation and industry & manufacturing (including power). Because of the different growth rates, the principal end-use sector by the year 2000 will be industry & manufacturing, followed by transportation, and then household. However, even if the program of diversification is highly successful in the power sector (i.e. the energy source is wholly shifted to non-oil energy sources), dependence on oil products will still be great: particularly kerosene for household and gasoline & ADO for transport. The order of magnitude is 100 million TCE plus 20 million TCE for use in the industrial sector, thus amounting to 120 million TCE out of the 200 million TCE, equivalent to 600 million barrels of oil or today's level of annual production of oil.

Economic growth, appropriate technology & labor-intensive industries, and equity (principally through job creation) are the main thrusts of Indonesia's current economic policies, also for the foreseeable future. What is required is therefore the stimulation and development of rural or 'cottage' industries and small-scale industries, especially in Java where 80% of the population are rural. This will also help to reduce migration into urban areas, but will require a full-scale electrification program for the whole of Java.

The above considerations indicate that the proper energy policies to be pursued in the long-term are: (1) the promotion of conservation, and (2) vigorous diversification. The latter include:

- Substitution of oil in the household sector by expansion of firewood and charcoal usage (logging waste and firewood 'plantations'), coal briquettes and natural gas for town or city gas.
- Substitution of gasoline by gasohol or alcohol, emulating Brazil. However, substitution of oil products will not be easy to achieve because of the problems associated with increasing the domestic price of oil products from the current, effectively subsidized, levels.
- Maximum use of non-oil energy sources for power production.

Diversification will be much more easily achieved in the power sector. Outside Java, areas located near coal mines and hydro-potential may benefit from the development of these resources. Other areas, however, will still have to rely on diesel power plants. Only a few areas have reached or will soon reach a large-enough power demand enabling the installation of steam power plants.

For power production in Java the long-term considerations indicate a centralized system using, more or less in order of priority, hydro-power, geothermal energy, coal, natural gas and nuclear energy. The required installed capacity for Java by the year 2000 will be of the order of 20,000 MW, so that at least 15,000 MW will need to be installed between 1985 and 2000. Since both hydro-power and geothermal energy taken together can provide only a few thousand MW at the most, the only real alternatives are coal and nuclear energy, as natural gas will have to be found on or around Java to be utilizable. For these reasons preparations are under way for the launching of a nuclear power program. A feasibility study for the construction of the first nuclear power plant was initiated in March 1978.

## INDONESIA'S NUCLEAR PROGRAM

Although the Institute for Atomic Energy was decreed by the Government in December 1958, it was not until early 1965 that Indonesia inaugurated its first nuclear research center: the Bandung Reactor Center with a Triga Mark-II research reactor, initially 250 kW. The period 1960–1967 was a period of economic stagnation and high inflation and was not conducive to any research effort. The period from 1967 until 1973 was characterized by a program of economic rehabilitation and recovery: a more successful program could be implemented in the promotion of the uses and applications of radio-isotopes in research, agriculture, industry, hydrology and medicine.



The 1973 oil crisis brought better revenues to the national budget, enabling significant increases in the atomic energy budget. A much greater attention was directed towards the prospects for nuclear power and to the necessity for planning the introduction of nuclear power. Following the 'Nuclear Power Market Surveys' carried out by the IAEA in 1972–1974, a 'Nuclear Power Planning Study' for Java island was conducted in early 1975 and the report published in 1976. With the pre-1975 data used in the study, nuclear power was shown to have great prospects in Java in the long-term: about 60% by 2000. Thus a feasibility study for the first nuclear power plant was called for, technical assistance funding was sought and obtained in 1977, and the study – due for completion by the end of this year – commenced in March 1978.

Beginning in 1987 the Java grid – by then integrated into one system – would have sufficient capacity to absorb a 600 MW power plant, the smallest nuclear unit available in the Western world. It remains to be seen whether such a nuclear unit can be competitive with a coal-fired plant with coal from South Sumatra. Simple calculations, using reasonable assumptions, show that nuclear power is indeed competitive. (See Table 7)

Table 7

GENERATION COSTS					
Capital Cost	Annual	a. 10%	9.8	14.7	19.6
	Fixed	b. 12%	11.7	17.6	23.5
	Charged	c. 14%	13.7	20.5	27.4
	Rate				
Operation & Maintenance Cost			1.5	2.5	2.0
Fuelling Cost			28.2	17.9	8.0
Generation Cost	a.		39.5	35.1	29.6
	b.		41.4	38.0	33.5
	c.		43.4	40.9	37.4

*Assumptions:* 600 mW power plant, 70% load factor  
 Calorific value of oil: 10,000 kcal/kg, of coal 5,500 kcal/kg  
 Capital costs: Nuclear plant \$ 1200/kW  
                   Coal 900/kW  
                   Oil 600/kW  
 Oil price, \$ 18/bbl  
 Coal price \$ 40/ton(m)

A joint exploration program for uranium minerals has been carried out with the French CEA in Kalimantan between 1969 and 1978. Although indications of uranium mineralization have been found no economic deposits have been proven. A team from West Germany have also carried out joint exploration activities in Sumatra and keen interest have been shown by Japan to undertake a similar effort. These projects are deemed to be important because it is unlikely that a nuclear power plant will be built with uranium imported from outside Indonesia.

The National Atomic Energy Agency, currently charged with both the promotion & development and the regulatory aspects of nuclear energy, has preference for the PHWR which does not require enriched fuel, requires less natural uranium than LWR's, entails less foreign exchange outlays and provides better opportunities for local content in the manufacture of fuel, components and equipment, and in the construction of the power plant than LWR's. A certain measure of independence from foreign sources of supply is achieved once the plant is built and operated, provided of course uranium is domestically produced. The research and development effort being undertaken at the research facilities of the National Atomic Energy Agency are therefore geared to the PHWR. These facilities are at three locations: Jakarta, Bandung and Yogyakarta, while a fourth in Serpong (about 30 km from Jakarta) is under preparation for the construction of a materials-testing type of reactor as its principal facility. The stage is set therefore for the transfer of nuclear technology: the Non-Proliferation Treaty was ratified by Parliament in November 1978 and the instruments of ratification communicated in May 1979.

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# TOWARD PACIFIC BASIN COMMUNITY IN THE 1980S

Albert WIDJAJA

## I. THE DYNAMICS OF THE 1970S IN THE REGION OF THE PACIFIC BASIN

The decade of the 1970s showed some significant shift or mobility of the geopolitical forces among the countries in the rim of the Pacific Ocean. These changes may give the Pacific Basin region a new meaning for those countries as well as a new role in global economic and political constellations. First of all, the recent emergence of the Asian industrializing "gang of four" (Hongkong, Singapore, South Korea and Taiwan) increasingly present themselves as proficient competitors against the industrialized countries, both in terms of controls of the market for their products as well as for the future security of raw material supplies. There are three major industrialized countries in the Pacific regions; namely, the USA, Japan and Canada, besides Australia and New Zealand. The above seven stars are increasingly competing for markets, raw materials supplies, and capital investments in the other Asian countries in the Pacific region; namely ASEAN (as well as perhaps in South Asia). Uncoordinated competition may create inefficient allocation of resources and division of labor. Hence, a new form of coordination among the above countries seems to be necessary to develop efficient division of labor and synchronize industrial policies, including with the other neighbouring countries in the Pacific Region.

The second factor giving new meaning in the Pacific Community in the 1970s is the vitalization of ASEAN as an active regional economic cooperation as well as a vital force committed for world peace and stability. The goals which ASEAN pursues are very much needed nowadays in the midst of international conflict and intervention which already challenges the integrity of nation states and global political stability. All the above mentioned Asian Pacific countries as well as the North American countries already show high degree of affinity and convergent outlook as having non-aggressive and non-controversial foreign policies



seeking mutual respect, harmony and mutual benefits; as well as recognizing the potentials of free-market economic system to allocate efficiently the increasingly scarce world resources.

The third factor is the new posture which the People's Republic of China took recently with more open ideology intending to present herself as a more reliable nation-state partner. It tries to develop and reconstruct its society and industrialize its economy. It means a new vast market for the neighbouring countries. It opens up new forms of peaceful communication. It encourages congruent outlook on international issues, conflict resolutions, and economic partnership among the Pacific Basin countries.

The fourth factor, however, the PRC's switch was part of intra-communist conflict, particularly among the two leading communist countries — Soviet and China — who happen to be major powers in the Asian-Pacific region. The change in PRC's foreign policy and development ideology seems to invite the Soviets, the Cubans, and the Vietnamese to block up China's influence or control in other socialist or communist pruned countries, by sporadic and major military interventions in many parts of the world. The Soviet Union will continue to escalate its naval built-up, and its pervasive presence in the open sea will cause concern to many. The accumulation of such disturbances in the future will affect greatly the international stability, especially the tranquility of the ocean and sealanes. Yet a peaceful order of the ocean is crucial for maintaining international trade. Such condition becomes a major future problem for Japan who depends very much on overseas' supplies of raw material and markets for its products. A peaceful Pacific Basin Region for intensifying economic interactions among the region's communities will greatly reduce Japanese vulnerability of world wide marine disturbances. Such need is urgent, since Japanese's ability to keep stocks of various supplies (such as oil) can only be counted in terms of days or weeks, not years.

The fifth factor, the decade of the 1970s showed increasing ambiguity on the part of the U.S. about its role in Asia, especially after the Vietnam debacle and the large trade deficit vis-à-vis Japan. Yet unlike Japan, the U.S. does not give economic motive as its primary concern in its interest in Asia, though it is important. Rather, its sense of responsibility as a world leader to maintain free world makes her to continue her concern over Asia. But the age of open intervention on the sovereignty of other nation states is over. Furthermore, its complacent society makes her difficult to mobilize large forces to defend other countries, unless her own direct interest and dignity are at stake. Thus, the traditional military collaboration is almost over for the U.S. Increasing integration among the countries

in Asia for mutual collaboration for economic (and perhaps political) purposes will certainly validate an active U.S. present as partner, if she wishes to do so. Meanwhile she may find new ways to relate with the Asian.

And finally, the Pacific Basin Community can help Canada, Australia and New Zealand to be more important partners with the U.S. and Japan (vis-à-vis developing countries in the region), if such relationship is compared with their bilateral or membership of the OECD. Furthermore, in the Pacific Basin context they will feel more at ease with the Asian-Pacific communities than they had been.

## II. PROBLEMS AND OPPORTUNITIES FOR THE PACIFIC BASIN COMMUNITIES

Even though the geopolitical forces in the 1970s brought the countries in the Pacific Region into greater consciousness of their common interest and possible greater cooperation, but the reality remains the same that these countries consists of widely diversified culture, historical experience, political outlook, economic levels and technological capabilities.

Supposingly that the possible members of the Pacific Basin Community (consists) initially comprised of the USA, Canada, Japan, Australia, New Zealand, Hongkong, Korea, Taiwan, Singapore, Malaysia, the Phillipines, Indonesia and Thailand, the Table below shows large gap of population magnitude and level of economic well-beings. Three countries have respectively a population of more than one hundred million people, while three other countries not above 15 million people. The first five advanced countries in the list have their GNP per capita beyond US\$ 4,000 in 1975, while the last three countries in the list attained below US\$ 400 on the same year. Herman Kahn estimated that by the year 2000, those poor developing countries in the South of Asia will raise their income per capita quadruply around US\$ 1,600, while the most advanced countries will also grow on the same level making out approximately US\$ 20,000 (Herman Kahn: *The Emerging Japanese Superstate*, Penguin Books, pp. 155-156). The difference of income will become more than 10 times as that in 1975. Will the Pacific Basin Community be able to maintain itself with such worsening income disparity. Would not there be some serious tensions. Can we change (and willingly) the course of history to reduce the gap. But such effort might greatly affect the level of growth of the advanced countries.

However, the trade activity of the Pacific Basin Countries listed on the

## SOCIO-ECONOMY INDICATORS OF SELECTED PACIFIC BASIN COUNTRIES

Country	Population 1975 (Million)	GNP (1974 Constant Price)		% of Trade with the Pacific Com- munity as of Its Total Trade (1973)
		Per Capita 1975 (US Dollar)	Annual Growth Rate 1970-75 (%)	
1. USA	213.6	6,495	1.7	47.7
2. Canada	22.8	6,112	3.2	77.7
3. Japan	110.9	4,105	4.3	56.1
4. Australia	13.5	5,190	2.4	59.2
5. New Zealand	3.1	4,303	1.0	52.9
6. Hong Kong	4.4	1,584	4.2	55.4
7. Korea	34.0	504	8.3	84.2
8. Taiwan	16.0	817	5.8	58.1
9. Singapore	2.3	2,307	7.3	61.1
10. Malaysia	12.0	665	4.3	62.3
11. Phillipines	42.5	340	3.5	75.6
12. Indonesia	131.6	169	3.6	76.2
13. Thailand	41.9	319	3.6	48.3

## Sources:

1. United Nations: *Yearbook of International Trade Statistics*, 1974
2. IMF: *Direction of Trade: 1970 - 1974*
3. David Morawetz: *Twenty-Five Years of Economic Development: 1950 - 1975*. The World Bank, 1977

table constituted 29% of the total world trade (export and import) in 1973. The trade among these 13 countries themselves made up about 56.6% of their world trade on the same year. Looking at the individual countries among these thirteen, every country's trade with each other is persistently beyond 50% of each total trade in 1973, except the U.S. with 47.7% and Thailand 48.8%. In other words, the countries mentioned above in the Pacific Region have already had high degree economic interaction.

If PRC is presented on the above trade picture, it will be apparent that the total world trade will be strongly dominated by the Pacific Basin Community. These countries's economic cooperation will greatly influence the course of world economy.

The above convergent forces at work among the diversified countries of the Pacific Region should be developed further to give greater benefit to each other. Yet, the idea of sub-global integration of the Pacific Basin countries cannot be entertained, since integration requires allegiances based on common values, goals and loyalties, and at the same time necessitates elimination of parochial loyalties. The political leaders are



required to shift their loyalties and expectations toward the new center, and by so doing they should still be supported by their respective constituents. Such expectation will take a long time, if not impossible.

The concept of cohesion as a goal of closer cooperation does not require the above assumptions. Cohesion simply seeks greater interaction and cooperation to synchronize plans, strategies and operations of social, economic, and political interests and activities. Each sphere of activities, such as economics, can be carried out separately from or jointly with the other activity depending on the needs agreed upon.

But cohesion still requires willingness of each member countries to complement their respective resources and to distribute their efforts for the enhancement of the other members, otherwise the special relationship does not mean anything. If such is the case, the idea of charity or good will cannot be maintained on the above mutual relationship. The willingness to contribute and to complement the other needs should be considered as a necessity and a normal course of action in the cohesion of the communities. Are the industrialized countries in this Pacific Basin Community willing to take such step towards the other members of the developing countries, especially the weaker ones such as the ASEAN countries. Can they, as the North countries, do better in the Pacific Basin Community to their partners of the South countries, than in the South-North Dialogue; such as reduction of protectionistic trade policies, the stabilization of export earnings of the South's raw materials, untied public aids, equal participation in common administration of common concern and common resources (e.g. submarine resources), and willingness to establish fair code of conduct for the transnational corporation which will practically dominate the implementation of the economic cooperation among the member countries. What scheme can be developed to promote the cohesion of the Pacific Basic Communities, as we take account the above needs of the weaker member countries.

The very attempt to recognize the sense of community among the units of societies, such as the Pacific Basin Community, suggests itself that there should be new types of human communications. It shall not longer primarily concern with military domination over the other members, economic opportunism to earn greatest benefits from the other weaknesses, political intervention to maintain loyalties.

The Pacific Basin Community as discussed in this paper consists of countries with great power such as the USA, Japan and other OECD members, which are unmatched on their economic, technological, and managerial capabilities against those of the ASEAN countries. Intensifying the interactions among them would mean greater interdependence. Yet such interdependence are among equals as well as with

un-equals which unbalanced partnership tend to be exploitative or at least problematic. Cases are plenty to be presented.

The decision-making process of the advanced countries are deep rooted in their whole society. In Japan, for example, the government decision on almost any policy has to take into account the position and views of the sophisticated private business, and even perhaps the consumers. Under such structure of decision-making, the Japanese society is less vulnerable, if not impossible, to foreign influence or pressure. Furthermore, its society is very homogenous.

The developing countries, such as ASEAN, has a somewhat floated decision-making center around the elites unrooted from society. The non-elites are mostly uninformed, less sophisticated and less skillful. Many of them can be even found among the newly emerged local entrepreneurs. The decision-making of the elites automatically becomes the decisions or policies of the country which has to be followed by the non-elites. The developed countries only require the consents or agreements of the elites of the developing countries to penetrate in the developing countries economic system. Once the entrance is approved, the foreign actors such as the TNC are relatively free to launch their programs in the developing countries, and in most cases with the new local entrepreneur partners. The foreign actors can reap whatever benefits exist, and even perhaps transform the very economic system into their control. Such a case will unlikely happen in the advanced society. For example, the difficulty of the American business to penetrate into Japanese market even their investment was already permitted.

What is said here is that the developing countries are vulnerable to any kind of penetration, including one sided interest of the big power which tends to be exploitative penetration instead of mutually beneficial cooperation.

Thus, to increase the intensity of interactions among the countries of Pacific Region for mutual benefits, protective devices to safeguards the weaker parties from hegemonic potentials of the powerful parties should first be studied and established, to make the idea of the community attractive for the developing countries in the region. Otherwise, the establishment of the Community will only bring greater dependency of the weaker parties. Then, the Community itself will become useless to give mutual protection against external pressures.

Effective safeguards to protect others, not only oneself as usually the case, is a basic requirement for the cohesion of the Community to grow fruitfully in the future. Institutional arrangement or a forum such as diplomatic devices or non-governmental consultative devices would not



be sufficient if they merely seek mutual understanding and cooperation. It needs to establish vigorous institutional framework for ameliorating conflicts and establishing common rules of the games to protect each other, especially in the economic cooperation. It requires the willingness and ability of each country or together to control over desintegrative forces in their respective countries, as well as to control of the allocation of resources to enhance mutual interests.

Japan has become creative driving forces in the economic development process of the ASEAN countries, especially its private business have turned the economic potentials of those developing countries into real economic output. Such achievement has been due to their ingenious perceptivity of the economic opportunity in these developing countries, and their inventive managerial capabilities to select appropriately their advance technologies to transform the factors of production in the countries into goods and services to meet the economic demands of the countries and abroad. Such assets have made the Japanese a major force among the economic agglomerates of the world. Japan will certainly become the major economic "pole of concentration" in the Pacific Basin. How will Japan use such overriding power in the Pacific Communities?

Japan seems to be ready to serve or promote industrial division of labor based on complementary approach, as also suggested above. The idea contained is that international specialization needs to be developed between the producers of the primary commodities and the producers of the secondary products, in order to achieve global economic efficiency. The approach is based on the theory of comparative cost and comparative advantage. The primary producers will be encouraged to develop industries with resource and energy intensives, while the secondary producers concentrating on final production by the most advance technology toward more refined and knowledge intensive product such as electronics and computers.

The above industrial policy based on complementary approach will certainly give benefits for both parties. But it can turn out into "complementary trap" by which the weaker partners will only yield to complementary suggestion of the oligopolistic and oligopsonic power of the Japanese and American TNCs. As the weaker partners tend to rely on the assistance of the oligopolistic power, this advance economic power will choose first those economic activities which bring comparative disadvantages, and leave the rest which are likely to be the comparative disadvantages to the weaker partners. It will perpetuate or even enlarge the present gap or economic disparities between the primary producing countries and the secondary producing countries, as predicted by Herman Kahn.

The other complementary trap which should be considered is that the



complementary relationship in the industrialization of the countries in the Pacific Basin can lead to concentrated dependency of the developing countries to their major economic partners (namely the U.S., Japan, etc.), even though the Pacific Basin Concept suggests that it should not be an exclusive club. If Japan and the U.S. experience slight changes in their economic system and business cycle, they will have great impacts to the weaker partners living with meager economic resources. It will bring social tensions and political up-heavals both domestically and internationally, as they are always experienced in Indonesia and Thailand.

Therefore, complementary approach should be simultaneously combined with distributive approach. The distribution approach shall encourage greater transfer of skills and know-how (such as speedy transfer of technology and developing international marketing skills for the unexperienced partners), distribution of decision-making power, as well as fair distribution of benefits for the equal partnership in the complementary system of economic activities. It should be pointed out that distribution on capabilities will especially help the weaker partners into greater mobility participating in the decision-making as to who does what which complements the other.

A research should be conducted to identify the mechanism of relationship which reflects the complementary and distributive arrangement in economic as well as political interaction. The findings will be useful for government leaders, the business world, and other social groups to develop their respective activities on such framework towards mutually beneficial relationship.

The form of relationship among the countries in the Pacific Basin should first be carried in a consultative manner, but it should avoid the image of exclusiveness particularly from the viewpoint of the other countries in the Pacific such as those in Latin America. The consultative forum will be more needed in the future, since an increase of interaction will certainly need more mutual adjustment. For example, greater cooperation between the ASEAN and Australia-New Zealand-Papua New Guinea as resource producers (coal, uranium, tin, bauxite and ocean minerals on their sea border) might induce conflict and stagnated interaction with the resource consumers like Japan and perhaps the U.S.

But the forum should not be limited among the decision-making elites. Many forums should be organized also among scholars, big and small businesses, as well as other social groups, either through thorough-going preparation and study or direct face-to-face exchanged views and experiences. But the Pacific Community should envisage more than a consultative relationship. It should come to an interrelated (not integrated) action based on complementary and distributory strategy.

# BOOK REVIEW

## ECONOMIC DEVELOPMENT IN SOUTHEAST ASIA: THE CHINESE DIMENSION

by Yuan-li WU and Chun-hsi WU, Hoover Institution Press, Stanford University, Stanford, California 94305, Feb. 1980

Review Article by Pande Radja SILALAH

This book has been written by Mr. Yuan-li Wu, Professor of Economics at the University of San Fransisco, and Professor Chun-hsi Wu from the National Chengchi University, Stanford, California, 1980.

It is based on empirical studies focused on two main points. *Firstly* the history of the development in Asian countries in general and in Southeast Asian countries in particular. *Secondly* the regional and international economic development related to the roles that the ethnic Chinese have played in the past and will continue to play in the future, supplemented also by restrictions that have occurred and still occur.

In the beginning of this book the authors have pointed out that from a geopolitical and economic points of view the countries in Southeast Asian regions are very important. Their populations comprise, aside from the natives, many ethnic groups particularly the ethnic Chinese who are numerous enough in those countries. Thus it is very reasonable to place greater attention to the existence of the ethnic Chinese populations in the Southeast Asian countries. In the authors' opinion the previous studies about the ethnic Chinese have been more viewed only from the sociological, anthropological and political perspectives, and less seen from the economic view points. Such views, therefore, are regarded to be incomplete. So the authors have made an effort to analyze it from the economic point of view. In their opinion such an approach will be very useful for entrepreneurs, investors, politicians, and especially for policy makers in order to maximise their countries' development potentials.

This study begins with a research on economic conditions and economic growth rates in the Southeast Asian countries. Based on that research they divided the Asian countries into two groups – the relatively slower growing group (under 10% per annum) and the rapid growing group (above 10% per annum). It turns out that, aside from Singapore, the ASEAN member countries belong to the distinctly slower growing

group (about 5 — 7.5% per annum). Thus approximately a decade of development period seems to separate Malaysia, Indonesia, Thailand, and Philippines from Hong Kong and Korea.

Based on the different rates of economic growth, the authors examined the various causes for high rates of economic growth in order to isolate factors conducive to assist improvement of economic conditions in Southeast Asian countries. To attain the aim, they observe, in details the economic condition of the ASEAN member countries using three kinds of indicators. *First*, the ratio of foreign trade (import and export) to GNP, which serves as indicator of the degree of external orientation of the economy. *Second*, the foreign — debt-service ratio, used as an indicator of the extent to which export earnings are committed to service the existing public debts. *Third*, the time ratio of official international reserves owned by each country to cover the imports. This ratio is used as an indicator of a nation's ability to satisfy the demands and the needs in short-terms international reserves with their own resources, or, it is used as an indicator to measure the economic ability to call on credit for international commerce.

Foreign trades in Southeast Asian countries are likely to be great enough. In 1973 they are estimated to be 34.6% till 89.8% to GNP. Besides it turns out that most of the foreign trades in ASEAN member countries are oriented towards U.S., Japan and the developed countries of the European Economic Community.

The ASEAN official international reserves are estimated to be capable to cover the imports only from one and half till six and half months. It is noted too that Indonesia is only able to cover its import in one and a half months.

The ASEAN foreign-debt-service ratio is between 0.7% and 9.4%.

Concerning foreign trade, the authors have also suggested that trade between the Southeast Asian countries should be expanded as well as the trade with countries outside Southeast Asia.

The increase of exports can be made by accelerating the export-oriented industries. They need, therefore, greater capital; such capital may come from foreign or domestic sources. It should be noted, therefore, that foreign resources are not always a perfect substitute of domestic effort because the effective use of the former depends on the adequate support for the latter.

According to Professors Yuan-li Wu and Chun-hsi Wu, one of the inhibiting factors of the ASEAN member countries' economic development is the uneffective use of available domestic resources. They do



not deny the advantages of foreign investment, they even show the positive correlation between foreign investment and export. They only accentuate, however, the effectiveness in the management of foreign resources. As the greatest recipient of foreign capital among the Southeast Asian countries, Indonesia will bear a great interests' burden.

Based on research the authors maintained that the appropriate step to accelerate the economic development is the effectiveness in the use of domestic resources since those domestic resources have not yet been used effectively. In reality the domestic resources, specifically those of the ethnic Chinese have not been used to the best advantage of economic development in Southeast Asian countries.

From the investment point of view the ethnic Chinese population have large and effective capital. In 1975 the ethnic Chinese capital are estimated about 16.6 billion dollars. If they could be properly used, they might support the ASEAN development programs. In terms of labor force the ethnic Chinese constitute a great power too. Only in Asia if Japan is excluded, there are approximately 14 million ethnic Chinese that have formidable economic power. In this book all these descriptions have been given in details supplemented by data based on the surveys.

Professors Yuan-li Wu and Chun-hsi Wu, however, have also described chronologically various detailed constraints faced by the ethnic Chinese in the Southeast Asian countries. To give a clearer and more complete picture those professors describe in details the history of the Chinese emigration to each Asian country. Furthermore, they illustrate the Chinese principal motives to leave their ancestral homes; their economic activities and attitudes upon the countries where they earned their living.

The authors have also pointed out that there were ethnic Chinese having dual loyalty. They looked upon the countries where they lived as temporary places to make their fortunes with the hope to return to their homelands in a better condition. Such an attitude, however, has changed in the last decades. They have adjusted themselves to the changes of the countries where they earned their living. Professors Yuan-li Wu and Chun-hsi Wu have also pointed out that the dual loyalty had something to do with Peking's political policy. The Chinese leaders hoped that the overseas Chinese would play an important factor in China's economic development. Thus they (Chinese leaders) always wanted to treat the ethnic Chinese outside China as temporary emigrants.

Such a view has begun to change nowadays. They are affected by some factors which among other things are China's demands and need to have a better relationship with Southeast Asian countries. Moreover 85% of the

ethnic Chinese in Asian territory have been born outside China and they have no longer had any interest to go back to their homelands. As an example they have also explained that most of the ethnic Chinese who have returned to their homeland, have to leave their homeland because of the hard life they could not stand and being incapable to adjust to the new situation in China.

Based on those observations and researches Professors Yuan-li Wu and Chun-hsi Wu pointed out that one of the efforts that should be taken by the Southeast Asian countries to accelerate their economic development is, to employ effectively the ethnic Chinese resources. A lot of restrictions may not be conducive for the ASEAN member countries' development. An important fact is that ethnic Chinese who live in Southeast Asian countries might become "fifth columnists", whereas if they were properly utilised they might accelerate the economic development using domestic resources. Besides, a regional cooperation can easily be formed or improved, because the ethnic Chinese have been able to develop intra regional linkages as well as multinational personal and institutional contacts within a period of time.

The authors have also suggested that a considerable number of ethnic Chinese in Southeast Asian countries are relatively richer than the natives. This situation often calls forth many problems. On the other hand, one should bear in mind that not all ethnic Chinese are well to do. An unequal distribution of income in any society will not be advantageous. But according to the authors right measures can be taken to solve that problem.

The natives should be given special aids, e.g. educational aids to improve their abilities.

The ethnic Chinese who live in Southeast Asian countries have also to adjust themselves to the growing situation of their places of residence.

From the whole analysis written by the two professors there are some important factors that we have to know because this book have been based on detailed researches and supplemented by sufficiently adequate data. Besides, this book might be very useful for economists, anthropologists, politicians, and also policy makers. And of course it is also the authors' intention.

# CHRONICLES

APRIL — JUNE 1980

## Internal Affairs

The First National Congress of FBSI (Indonesian Labour Federation) that has been held from April 7 — 11, might be caused by the unsmooth implementation of the Pancasila labour relationship. It stands to reason, therefore, for the FBSI to urge the government, which is one of its Congress' main decisions, to endorse the Pancasila Labour Relationship, which has also become a national consensus, as a legal product binding all parties concerned. In the context of relationship between employers and employees, there were often cases deemed to be mutually unfavourable and eventually creating many labour problems. The problems may be overcome, if the both parties are aware of their rights and duties. Thus it is appropriate to underline President Soeharto's statement when he received the Congress participants. Workers and business enterprises are fundamentally two complementing and not opposing powers. No enterprise can continue to exist without workers and in reverse no worker can get a job without the enterprises.

Nowadays the government paid greater attention to the weak economic group. Since April 14, 1980 the Presidential Decree No. 14, 1980 has been supplemented by Presidential Decree No. 14A, 1980 which emphasizes domestic production, weak economic group, private and state enterprises, auction and contract, advance-money and credit. This decree No. 14A reinforces the implementation of the eightfold path of a more equitable distribution of development, especially equitable job opportunities and equitable distribution of development throughout Indonesia.

In a message delivered on the occasion of the 28th anniversary of the Sandhi Yudha Armed Forces Command on June 16, President Soeharto said that recently attempts were made by certain groups through unacceptable activities to topple the Head of State who is regarded as a stumbling block to their political activities. They seemed to forget that the people and the armed forces would thwart their political attempts especially if they wanted to replace Pancasila and 1945 Constitution with another ideology. This statement clearly reconfirmed his previous message delivered on the Indonesian Armed Forces Commands Meeting



held in Pekanbaru March 27, 1980 which stated among other things that the Indonesian Armed Forces pledge not to change Pancasila and 1945 Constitution.

Farmers and food are still the core problems that should be tackled by government. Hence the third meeting on coordination of food supply, which was held in Semarang on April 12, concluded among other things that the process of integrating the farmer groups and the farmers into KUD (Village Unit Cooperatives) should be quickly realized so that the farmers would really enjoy the floor prices of unhulled paddy. Furthermore attending the National Work Conference of HKTI (Indonesian Farmer's Association) held in Bogor on May 16 — 20. Mr. Martono, the General Chairman of HKTI pointed out that the time was ripe to ameliorate farm workers' living conditions and to adjust the prices of agricultural products to other commodities' prices. Concerning the adjustment of oil prices, the National Conference concluded that the rise of oil prices aggravated the people's burden especially that of the farmers so the government was requested to meet the shortage of fuels subsidy with the extra income derived from the increased prices of Indonesian oil export.

Presidential Decree No. 30 dated April 30, 1980 determined price adjustment of domestic fuel oil for the sake of the continuity of development in the future and for the greater progress and better welfare of the people. This decision called forth a lot of reaction, which are either for or against it. But from the government's statement a number of conclusions could be drawn as follows: (a) the adjustment of fuel oil prices are not meant to increase the state-income; (b) the funds previously due to subsidize oil prices can be used to cover other development projects; (c) the construction of hydro-cracker has to be realized as soon as possible; (d) the rise of the domestic fuel oil prices means that the people have to participate in bearing the development burdens; (e) in spite of the rise of oil prices the government still subsidizes the domestic fuel oil.

To overcome cement scarcity, Director General for Basic Chemical Industries ordered all cement factories to increase their productions to meet the domestic needs for the continuity of the national development. Furthermore the limited Cabinet Session on economic, industrial and financial affairs on May 7, decided to increase cement prices ranging from 16.09% to 22.35%. This decree was supplemented by the Minister of Trade and Cooperatives' decision on HPS (local prices) to guarantee smooth distribution in the markets and the production of cement.

Even in the field of industry the government has put a series of actions to improve and utilize domestic productions and potentials, among other things by limiting the types and marks of motor vehicles in Indonesia.

Besides, the Trade Minister pointed out that Indonesia still need strong small industries so that Indonesia will become a significant industrial country.

The Limited Cabinet Session on economic, financial and industrial affairs held on June 4, 1980 discussed the problem of food. In order to increase food production, the government will open and cultivate new 350,000 ha of rice-fields during Pelita III (the Third Five Year Development Plan) in nineteen provinces. Concerning the food supply, a fourth National Coordinative Meeting on food supplying was held in Ujung Pandang. Meanwhile, returning from West Nusa Tenggara on June 14, the Junior Minister for Food Production, Mr. Achmad Affandi said that the rice production in 1980 would exceed the targeted production, approximately ranging between 7% – 8%.

The Head of the Board of Industrial Research and Development, Dr. R.B. Suhartono said that the industrial development in Indonesia will be successful if it is not based on protectionism by increasing import duties. It will be more profitable, if it is based on subsidizing capital formation and other inputs. The Department of Industry will make efforts for the implementation of the subsidy, which will be carried out by stages. The subsidy is aimed at reducing production cost so that industries in Indonesia will have a strong basis and will be able to compete with foreign industries.

The Ministerial Decree No. 35, dated June 30, 1980 of the Minister for Religious Affairs laid down the establishment of a Deliberative Forum among Religious Groups. The objective of this forum is to provide facilities for meetings, discussions and deliberations on national problems affecting either religious affairs or other issues so as to create and strengthen national unity and union in accordance with the trilogy of harmonious life amongst different religious groups.

### International Relations

The 25th Anniversary of Afro-Asian Conference was commemorated in Bandung on April 24, 1980, attended by delegates from 42 countries. Afterwards the Asia-Africa Legal Consultative Committee was held following the Afro-Asian Youth Conference. Based on views and speeches delivered on that occasion it might be concluded that: (1) The today's Afro-Asian Nations have to face many challenges to reach economic, ideological and social cultural independence; (2) The Bandung Ten Principles are still needed to face those challenges.

To ameliorate the relationship between Indonesia and Europe to be mutually benefitting both countries, on April 8–10 Dr. B.J. Habibie, the



Indonesian Minister for Research and Technology paid a visit to France. Meanwhile the Vice President of the Swiss Confederation, Dr. Kurt Furgler and also the Dutch Premier Van Agt visited Indonesia on April 8–13, and April 14–21. Dr. Kurt Furgler expressed his country's intentions to increase its capital investment in Indonesia to help the Indonesian Development Programme. Besides, it is important for the ASEAN member countries to maintain their stability and to improve their people's prosperity. Whereas the Prime Minister Van Agt said that his country will play an active role in IGGI so that its developed member countries would still like to continue their cooperation and assistance to Indonesia. He explained further that the Dutch government supported the ASEAN countries' resolution on Kampuchea.

Confederation of ASEAN journalists held a meeting in Surakarta on April 25–30, 1980 to step up cooperation among ASEAN Journalists. They agreed to appoint D.H. Assegaff as the Standing General Secretary of the Confederation of ASEAN Journalists which has been given the authority to select important documents on the problems that had been discussed in the consultative meeting between regional and international journalists' associations in Mexico on April 1–3, 1980.

The 23rd Meeting of Inter-Governmental Group on Indonesia (IGGI) on 7–8 May, 1980 discussed financial aid needed by Indonesia for its development programme. The meeting agreed to extend aids to finance 30 development projects in 1980/1981 which cost approximately US\$ 2.1 billion. The loans and grants from IGGI countries amount to US\$ 1 billion and the rests are provided by multilateral financial institutes and other non-IGGI sources. The State Minister of Administrative Reform, Sumarlin stated that the aids are given because of their confidence in Indonesia since Indonesia has succeeded in implementing Family Planning and curbing inflation and because of the 1979 surplus of balance payment.

The conflict in Kampuchea is still one of the international current issues. In his visit to Indonesia on May 25–30, 1980, the New Zealand Prime Minister, Robert Muldoon also discussed the issue aside from the possibility of widening cooperation between the two countries. Premier Robert Muldoon expressed his government's willingness to support the ASEAN efforts to hold a dialogue with Vietnam and help solve Kampuchean conflict.

The Southeast Asian Inter-Parliamentary Organization held a meeting on June 3 – 7, to prepare and to draft items to be forwarded in the AIPO General Assembly scheduled to be held in Jakarta in September, 1980, such as problems in Kampuchea, Vietnam and Afghanistan, economic cooperation, the plan of the European MPs to visit ASEAN, the



establishing of the ASEAN parliament. The meeting has succeeded in laying down twelve items which are among other things:

1. to strongly condemned the invasion of Vietnam in Kampuchea and that of the Sovyet Union in Afghanistan,
2. to demand the Vietnamese withdrawal from Kampuchea. The Kampuchean people should be given the right of self determination,
3. they are of the same opinion about the importance of the European Economic Community vis-à-vis the development of ASEAN, and the important role played by Indonesia.

Yugoslavia's Foreign Minister visited Indonesia on June 7 – 10, to discuss the role and solidarity of the non-aligned countries with the Indonesian Foreign Minister, Mr. Mochtar Kusumaatmadja. In a joint statement they stated that they were seriously concerned about the intensification of rivalry between the big powers in non-aligned countries; the non-aligned movement has the capability and should prepare the necessary steps that may lead international relations towards detente and peaceful coexistence.

The Vietnamese Foreign Minister, Nguyen Co Thach was in Indonesia on June 19 – 25, to discuss the Kampuchean crisis with the Indonesian Foreign Minister, Mochtar Kusumaatmadja. Due to different starting points they failed to reach a concensus in solving the crisis in Kampuchea. Nevertheless, the dialog on the situation in Kampuchea has to be continued.

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